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DOCKET NO. 55629

APPLICATION OF SOUTHWESTERN	§	
ELECTRIC POWER COMPANY TO	§	PUBLIC UTILITY COMMISSION
AMEND ITS DISTRIBUTION COST	§	OF TEXAS
RECOVERY FACTOR	§	

**APPLICATION OF SOUTHWESTERN ELECTRIC POWER COMPANY
TO AMEND ITS DISTRIBUTION COST RECOVERY FACTOR**

OCTOBER 27, 2022

TABLE OF CONTENTS

<u>SECTION</u>	<u>FILE NAME</u>	<u>PAGE</u>
Application	55629 SWEPCO DCRF Filing Pkg.pdf.....	2
Direct Testimony & Exhibits of Bryan K. Blanton	55629 SWEPCO DCRF Filing Pkg.pdf.....	32
Direct Testimony & Exhibits of J. David Spring	55629 SWEPCO DCRF Filing Pkg.pdf.....	50
Direct Testimony and Exhibits of Paul A. McCurtain	55629 SWEPCO DCRF Filing Pkg.pdf.....	69
Schedules	55629 SWEPCO DCRF Filing Pkg.pdf.....	97

Electronic files provided on the PUC Interchange

55629 (SWEPCO DCRF) Exhibit JDS-1 (DCRF Rev Requirement).xlsx
55629 (SWEPCO DCRF) Exhibit PM-1.xlsx
55629 (SWEPCO DCRF) Exhibit PM-3.xlsx
55629 (SWEPCO DCRF) Exhibits BKB-2 and BKB-3.xlsx
55629 (SWEPCO DCRF) Schedules A, B, B-1, B-5, B-7, E-1, E-3, E-3_7, E-3_10.xlsm
55629 (SWEPCO DCRF) Schedules H J and workpapers.xlsx

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APPLICATION OF SOUTHWESTERN	§	
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RECOVERY FACTOR	§	

PETITION

In accordance with Section 36.210 of the Public Utility Regulatory Act¹ and 16 Tex. Admin. Code § 25.243 (TAC), Southwestern Electric Power Company (SWEPCO or the Company) submits this application requesting that its regulatory authorities, including the Public Utility Commission of Texas (Commission) and applicable municipalities, approve SWEPCO's proposed amendment to its Distribution Cost Recovery Factor (DCRF). In support of this application, SWEPCO respectfully shows the following:

I. INTRODUCTION

This is SWEPCO's second DCRF filing since the end of its last comprehensive base-rate case, Docket No. 51415, which had a test year ending March 31, 2020.² SWEPCO's previous DCRF filing, Docket No. 54039, reflected distribution capital investment for the period of April 1, 2020 through June 30, 2022. Through this filing, SWEPCO requests an update to its current Rider DCRF to include the distribution-related invested capital placed in service from July 1, 2022 through August 31, 2023. Accordingly, SWEPCO's proposed Rider DCRF is based on changes in SWEPCO's invested capital, consistent with PURA § 36.210 and 16 TAC § 25.243, since April 1, 2020 through August 31, 2023.

II. SCOPE OF THE PROCEEDING

Under the DCRF statute and corresponding Commission rule, a DCRF application should be processed expeditiously. Recent amendments to PURA § 36.210 require the Commission to

¹ Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 11.001 – 66.016 ("PURA").

² *Application of Southwestern Electric Power Company for Authority to Change Rates*, Docket No. 51415, Order (Jan. 14, 2022).

enter a final order on a DCRF application no later than the 60th day after the date the application is filed. The Commission may extend that 60-day deadline for no more than 15 days for good cause.

Under 16 TAC § 25.243(e)(5) “[t]he issues of whether distribution invested capital included in an application for a DCRF or DCRF adjustment complies with PURA, including §§ 36.053 and 36.058, and is prudent, reasonable, and necessary shall not be addressed in a DCRF proceeding unless a presiding officer finds good cause exists to address these issues.” Accordingly, SWEPCO is not addressing those issues in this application. If the presiding officer determines those issues should be addressed in this proceeding, SWEPCO reserves its right to make supplemental filings to fully address those issues.

III. APPLICANT AND JURISDICTION

SWEPCO is a fully integrated electric utility serving retail and wholesale customers in Texas, Louisiana, and Arkansas. SWEPCO owns and operates for compensation in Texas equipment and facilities to generate, transmit, distribute, and sell electricity in Texas. SWEPCO is a public utility as that term is defined in PURA § 11.004(1) and an electric utility as that term is defined in PURA § 31.002(6).

The Commission has exclusive original jurisdiction over this application for areas outside municipalities under PURA §§ 32.001(a) and 36.210(a) and for areas inside municipalities that have surrendered jurisdiction to the Commission under PURA § 33.002(b). Additionally, the Commission has exclusive appellate jurisdiction under PURA § 32.001(b) to review *de novo* an order or ordinance of a municipality exercising original jurisdiction under PURA.

In accordance with PURA §§ 36.210(a), 36.210(f)(4), and 33.001(a), municipalities within SWEPCO’s service area that have not ceded their jurisdiction have exclusive original jurisdiction over this application with regard to customers in areas within their municipal boundaries. Therefore, SWEPCO is simultaneously filing this application with the Commission and all municipalities that have retained jurisdiction over SWEPCO’s rates. Pursuant to 16 TAC § 25.243(c)(1)(B), SWEPCO will be deemed to have appealed the filings with the municipalities to the Commission 60 days from the date of the municipal filing and any interim or final orders

issued by a municipality's governing body will be deemed suspended at the time such order took effect.

IV. BUSINESS ADDRESS & AUTHORIZED REPRESENTATIVES

SWEPCO's business address is 428 Travis Street, Shreveport, Louisiana 71101. SWEPCO's authorized business and legal representatives for this proceeding are:

Stephanie L. White
Regulatory Consultant
American Electric Power Service Corporation
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SWEPCO requests that all information, pleadings, and other documents in this matter be served on each of the persons above as well as email to aepaustintx@aep.com.

V. AFFECTED PERSONS

If approved, SWEPCO's application will affect all of SWEPCO's Texas retail customers.

VI. PROPOSED RIDER AND RATE EFFECTIVE DATE

SWEPCO's proposed Rider DCRF is provided as Attachment A to this application. Under PURA § 36.210(i), the Commission shall enter a final order on this request not later than December

26, 2023. SWEPCO requests the final rate set in this proceeding, whether a rate increase or decrease, be made effective on the 60th day after the Rate Filing Package is filed, subject to surcharge or refund consistent with the rate finally ordered by the Commission.

VII. FILING OVERVIEW

SWEPCO's proposed Rider DCRF is based on changes in SWEPCO's invested capital, as described by PURA § 36.053 that are categorized as "distribution plant, distribution-related intangible plant, and distribution-related communication equipment and networks" consistent with PURA § 36.210 and 16 TAC § 25.243 since April 1, 2020, the end of the test year in SWEPCO's last comprehensive base-rate case, Docket No. 51415. This filing uses the DCRF baseline values approved in Docket No. 53046³ (the compliance docket associated with Docket No. 51415). Approximately \$77 million in gross distribution-related capital additions were closed to plant in service from July 1, 2022 through August 31, 2023.

As detailed below and in SWEPCO's testimony, exhibits, and workpapers, the revenue requirement associated with SWEPCO's request is \$16,823,430, before adjustment for load growth. Adjusting for load growth, the requested DCRF revenue requirement is \$18,041,455, an increase of \$6,764,082 compared to the revenue requirement approved by the Commission in Docket No. 54039.

The application is supported by the testimony of three witnesses:

1. Bryan Blanton, Manager, Distribution System for SWEPCO, sponsors and supports the distribution-related capital additions reflected in the proposed Rider DCRF.
2. J. David Spring, Regulatory Accounting Case Manager for American Electric Power Service Corporation (AEPSC), presents SWEPCO's revenue requirement before adjustment for growth in billing determinants, and all supporting schedules and calculations required by the Commission's DCRF Rate Filing Package instructions, except Schedules H and J.
3. Paul McCurtain, Senior Regulatory Consultant in the Regulated Pricing and Analysis Department of AEPSC presents the calculation of the DCRF rate, based

³ *Compliance Filing for Docket No. 51415 (Application of Southwestern Electric Power Company for Authority to Change Rates)*, Docket No. 53046, Order (Aug. 4, 2022).

on the total requested increase in Texas retail revenue requirement adjusted for growth in billing determinants and sponsors the proposed Rider DCRF as well as Schedules H and J required by the Commission's DCRF Rate Filing Package.

Collectively, these witnesses demonstrate SWEPCO's compliance with the standards set forth in PURA §36.210, 16 TAC § 25.243, and the Commission's DCRF Rate Filing Package. Additionally, SWEPCO has included the sworn statements of each witness with each of their testimonies, in accordance with PURA § 36.210(a)(6) and 16 TAC § 25.243(e)(1).

Included with this application as Schedule K is SWEPCO's earnings monitoring report for the immediately preceding calendar year, pursuant to 16 TAC § 25.243(e)(1).⁴ As shown in the report, SWEPCO is earning less than its authorized rate of return.

VIII. NOTICE AND INTERVENTION DEADLINE

By the day after it files this application, SWEPCO will provide notice as required by 16 TAC § 25.243(e)(2) by serving a copy of this petition to all parties in Docket No. 51415, SWEPCO's last comprehensive base-rate proceeding, and in Docket No. 54039, SWEPCO's most recent DCRF proceeding. In addition, SWEPCO will provide notice to the Office of Public Utility Counsel. SWEPCO will file proof of notice with the Commission upon completion. Consistent with the Commission's Second Order Suspending Rules issued on July 16, 2020, in Project No. 50664, SWEPCO will provide the notice via email.

Based on the schedule required by PURA § 36.210(i), SWEPCO is requesting an intervention deadline of 21 days from the date service of notice is completed.

⁴ *Year-End 2022 Electric Utility Earnings Reports in Accordance with 16 TAC § 25.73*, Project No. 54451, Earnings Report of Southwestern Electric Power Company for 2022 (May 15, 2023).

IX. PROPOSED PROCEDURAL SCHEDULE

In light of the 60-day deadline for the Commission to enter a final order on a DCRF request under PURA § 36.210(i), SWEPCO proposes the following procedural schedule, which is generally consistent with the procedural schedule recently adopted in Docket No. 55525, a DCRF proceeding for Oncor Electric Delivery Company:⁵

Description	Date/Deadline
Deadline to intervene and for motions to find the application materially deficient	November 17, 2023
Deadline for SWEPCO's response to a motion to find the application materially deficient and deadline for intervenor recommendations on application	November 27, 2023
Deadline for Commission Staff to file a recommendation on final disposition	December 1, 2023
Deadline for SWEPCO to file responses to intervenor and Staff recommendation on Application, and motion (or if no disputed issues exist, deadline for parties to file joint motion) to admit evidence and proposed findings of fact, corresponding conclusions of law, and ordering paragraphs.	December 5, 2023
PURA § 36.210(i) 60-day deadline	December 26, 2023
SWEPCO's requested rate effective date and if necessary, relate-back date.	December 26, 2023

X. REQUESTED PROTECTIVE ORDER

SWEPCO anticipates that it may become necessary for the Company to furnish confidential or highly sensitive information during this case. Therefore, SWEPCO has included as Attachment B of the application a proposed protective order. The proposed protective order is the same in all material respects as the protective order issued in SWEPCO's last DCRF proceeding, Docket No. 54039.

⁵ *Application of Oncor Electric Delivery Company LLC to Amend its Distribution Cost Recovery Factor*, Docket No. 55525, Order No. 1 at 1-2 (Sep. 19, 2023) (finding good cause to shorten the deadlines specified in 16 TAC § 25.243 "in light of the legislature's recent shortening of the processing timeline for DCRF proceedings").

XI. CONCLUSION AND PRAYER

SWEPCO respectfully requests the Commission: (i) issue a protective order in the form of Attachment B; (ii) approve the proposed form and method of notice; (iii) adopt a procedural schedule to comply with PURA § 36.210(i), as proposed herein; (iv) limit the scope of the proceeding as required by 16 TAC § 25.243(e)(5); (v) approve the DCRF rates and tariffs as requested herein, effective the 60th day after the filing of this Application (December 26, 2023); and (vi) grant the Company such other and further relief to which it has shown itself entitled.

Respectfully submitted,

/s/ Patrick Pearsall

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**ATTORNEYS FOR SOUTHWESTERN
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SOUTHWESTERN ELECTRIC POWER COMPANY

Tariff Manual - Public Utility Commission of Texas

Section Title: Rates, Charges, and Fees
Section No: IV
Applicable: All Areas
Docket No: 55629Sheet No: IV-62
Effective Date: December 26, 2023
Revision: 5
Page 1 of 4**DISTRIBUTION COST RECOVERY FACTOR (DCRF) – RIDER DCRF****APPLICABILITY**

Each Retail Customer connected to the Company's distribution system will be assessed a distribution service charge adjustment pursuant to this rider. The charges derived herein are pursuant to the requirements of PUC SUBST. R. 25.243, subsection (d).

MONTHLY RATE

The Retail Customer, will be assessed this Distribution Cost Recovery Factor (DCRF) based on the monthly per-unit cost (DCRF factor) multiplied times the Retail Customer's appropriate monthly billing determinant (kilowatt-hour, kilowatt, or kilovolt-ampere).

<u>Rate Class</u>	<u>DCRF Factors</u>	<u>Billing Units</u>
Residential Service	\$0.003908	per kWh
General Service	\$0.005394	per kWh
Lighting & Power Service Sec	\$0.896222	per Billing kW
Lighting & Power Service Pri/Trans	\$0.490014	per Billing kW
Electric Furnace Service Secondary	\$0.878068	per Billing kW
Electric Furnace Service Primary	\$0.499847	per Billing kW
Cotton Gin Service	\$0.018944	per kWh
Oilfield Service	\$0.600335	per Billing kW
Metal Melting Service - Sec	\$0.878068	per Billing kW
Metal Melting Service – Pri	\$0.499847	per Billing kW
Metal Melting Service - Trans	\$0.002569	per Billing kW
LLP Primary	\$0.143952	per Billing kW
LLP Transmission	\$0.002262	per Billing kW
Municipal	\$0.002680	per kWh
Lighting	\$0.012105	per kWh

SOUTHWESTERN ELECTRIC POWER COMPANY

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Sheet No: IV-62

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Page 2 of 4

DISTRIBUTION COST RECOVERY FACTOR (DCRF) – RIDER DCRF

Rates/riders not listed will be billed the factor applicable to the appropriate background tariff. For customer classes billed primarily on the basis of kilowatt-hour billing determinants, the DCRF shall be calculated using kilowatt-hour billing determinants. For customer classes billed primarily on the basis of demand billing determinants, the DCRF shall be calculated using demand billing determinants.

SOUTHWESTERN ELECTRIC POWER COMPANY

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Sheet No: IV-62
Effective Date: December 26, 2023
Revision: 5
Page 3 of 4

DISTRIBUTION COST RECOVERY FACTOR (DCRF) – RIDER DCRF

Supplementary, Backup, Maintenance and As-Available Standby Power Service

Class I

Backup Power Charge

Monthly Rate -- Primary	\$0.026605	per kW per day -- minimum of 6 days per request
Monthly Rate -- Secondary	\$0.054098	per kW per day -- minimum of 7 days per request
Monthly Rate -- Primary	\$0.159638	per kW in excess of greater of Maint kW or Backup kW furnished during the month
Monthly Rate -- Secondary	\$0.376427	per kW in excess of greater of Maint kW or Backup kW furnished during the month

Maintenance Power Charge

Monthly Rate -- Primary	\$0.013294	per kW per day -- minimum of 12 days per request
Monthly Rate -- Secondary	\$0.027113	per kW per day -- minimum of 14 days per request
Monthly Rate -- Primary	\$0.079819	per kW in excess of greater of Maint kW or Backup kW furnished during the month
Monthly Rate -- Secondary	\$0.188567	per kW in excess of greater of Maint kW or Backup kW furnished during the month

As-Available Standby Power Charge

Monthly kW Rate -- Primary	\$0.119993	per kW
Monthly kW Rate -- Secondary	\$0.246479	per kW

Supplementary, Backup, Maintenance and As-Available Standby Power Service

Class II

Backup Power Charge

Monthly Rate	\$0.000120	per kW per day -- minimum of 4 days per request
Monthly Rate	\$0.000475	per kW in excess of greater of Maint kW or Backup kW furnished during the month

Maintenance Power Charge

Monthly Rate	\$0.000054	per kW per day -- minimum of 8 days per request
Monthly Rate	\$0.000236	per kW in excess of greater of Maint kW or Backup kW furnished during the month

As-Available Standby Power Charge

Monthly kW Rate -- Transmission	\$0.000167	per kW
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Standby Service Schedule

DCRF Factor

kW Charge Secondary	\$0.983090	per month per kW for standby or billing demand, whichever is greater
kW Charge Primary	\$0.592563	per month per kW for standby or billing demand, whichever is greater
kW Charge Transmission	\$0.002784	per month per kW for standby or billing demand, whichever is greater

SOUTHWESTERN ELECTRIC POWER COMPANY

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Page 4 of 4

DISTRIBUTION COST RECOVERY FACTOR (DCRF) – RIDER DCRF

As-Available Standby Power Svc	DCRF Factor	
Secondary kW Charge	\$0.246479	per kW of As-Available Standby Power requested
Primary kW Charge	\$0.119993	per kW of As-Available Standby Power requested
Transmission kW Charge	\$0.000145	per kW of As-Available Standby Power requested

Interruptible Power Service -- Sheet 37	DCRF Factor	
Monthly kW Charge	\$0.001697	per kW of Billing kW
Minimum Monthly kW Charge	\$0.001697	per kW of Billing kW

Interruptible Power Service -COG- Sheet 38	DCRF Factor	
kW Charge Secondary	\$0.450583	per kW of Billing kW
kW Charge Primary	\$0.201397	per kW of Billing kW
kW Charge Transmission	\$0.001131	per kW of Billing kW

DOCKET NO. 55629

**APPLICATION OF SOUTHWESTERN
ELECTRIC POWER COMPANY TO
AMEND ITS DISTRIBUTION COST
RECOVERY FACTOR**

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**BEFORE THE
PUBLIC UTILITY COMMISSION
OF TEXAS**

PROTECTIVE ORDER

This Protective Order shall govern the use of all information deemed confidential (Protected Materials) or highly confidential (Highly Sensitive Protected Materials), including information whose confidentiality is currently under dispute, by a party providing information to the Public Utility Commission of Texas (Commission) or to any party to this proceeding.

It is ORDERED that:

1. **Designation of Protected Materials.** Upon producing or filing a document, including, but not limited to, records on a computer disk or other similar electronic storage medium in this proceeding, the producing party may designate that document, or any portion of it, as confidential pursuant to this Protective Order by typing or stamping on its face “PROTECTED PURSUANT TO PROTECTIVE ORDER ISSUED IN DOCKET NO. 55629” (or words to this effect) and consecutively Bates Stamping each page. Protected Materials and Highly Sensitive Protected Materials include the documents so designated, as well as the substance of the information contained in the documents and any description, report, summary, or statement about the substance of the information contained in the documents.
2. **Materials Excluded from Protected Materials Designation.** Protected Materials shall not include any information or document contained in the public files of the Commission or any other federal or state agency, court, or local governmental authority subject to the Public Information Act.¹ Protected Materials also shall not include documents or information which at the time of, or prior to disclosure in, a proceeding is or was public knowledge, or which becomes public knowledge other than through disclosure in violation of this Protective Order.

¹ Tex. Gov’t. Code Ann. §§ 552.001-552.353.

3. **Reviewing Party.** For the purposes of this Protective Order, a “Reviewing Party” is any party to this docket.
4. **Procedures for Designation of Protected Materials.** On or before the date the Protected Materials or Highly Sensitive Protected Materials are provided to the Commission, the producing party shall file with the Commission and deliver to each party to the proceeding a written statement, which may be in the form of an objection, indicating: (a) any exemptions to the Public Information Act claimed to apply to the alleged Protected Materials; (b) the reasons supporting the producing party’s claim that the responsive information is exempt from public disclosure under the Public Information Act and subject to treatment as protected materials; and (c) that counsel for the producing party has reviewed the information sufficiently to state in good faith that the information is exempt from public disclosure under the Public Information Act and merits the Protected Materials designation.
5. **Persons Permitted Access to Protected Materials.** Except as otherwise provided in this Protective Order, a Reviewing Party may access Protected Materials only through its “Reviewing Representatives” who have signed the Protective Order Certification Form (see Attachment A). Reviewing Representatives of a Reviewing Party include its counsel of record in this proceeding and associated attorneys, paralegals, economists, statisticians, accountants, consultants, or other persons employed or retained by the Reviewing Party and directly engaged in this proceeding. At the request of the PUC Commissioners, copies of Protected Materials may be produced by Commission Staff. The Commissioners and their staff shall be informed of the existence and coverage of this Protective Order and shall observe the restrictions of the Protective Order.
6. **Highly Sensitive Protected Material Described.** The term “Highly Sensitive Protected Materials” is a subset of Protected Materials and refers to documents or information that a producing party claims is of such a highly sensitive nature that making copies of such documents or information or providing access to such documents to employees of the Reviewing Party (except as specified herein) would expose a producing party to unreasonable risk of harm. Highly Sensitive Protected Materials include but are not limited to: (a) customer-specific information protected by § 32.101(c) of the Public Utility

Regulatory Act;² (b) contractual information pertaining to contracts that specify that their terms are confidential or that are confidential pursuant to an order entered in litigation to which the producing party is a party; (c) market-sensitive fuel price forecasts, wholesale transactions information and/or market-sensitive marketing plans; and (d) business operations or financial information that is commercially sensitive. Documents or information so classified by a producing party shall bear the designation “HIGHLY SENSITIVE PROTECTED MATERIALS PROVIDED PURSUANT TO PROTECTIVE ORDER ISSUED IN DOCKET NO. 55629” (or words to this effect) and shall be consecutively Bates Stamped. The provisions of this Protective Order pertaining to Protected Materials also apply to Highly Sensitive Protected Materials, except where this Protective Order provides for additional protections for Highly Sensitive Protected Materials. In particular, the procedures herein for challenging the producing party’s designation of information as Protected Materials also apply to information that a producing party designates as Highly Sensitive Protected Materials.

7. **Restrictions on Copying and Inspection of Highly Sensitive Protected Material.**

Except as expressly provided in this Protective Order, one copy of Highly Sensitive Protected Materials may be made and kept in the possession of outside counsel for a Reviewing Party and one copy in the possession of the outside consultants having a need to access the materials, except that additional copies may be made to have sufficient copies for introduction of the material into the evidentiary record if the material is to be offered for admission into the record. The Reviewing Party shall maintain a record of all copies made of Highly Sensitive Protected Material and shall send a duplicate of the record to the producing party when the copy or copies are made. The record shall specify the location and the person possessing the copy. Limited notes may be made of Highly Sensitive Protected Materials, and such notes shall themselves be treated as Highly Sensitive Protected Materials unless such notes are limited to a description of the document and a general characterization of its subject matter in a manner that does not state any substantive information contained in the document.

8. **Restricting Persons Who May Have Access to Highly Sensitive Protected Material.**

With the exception of Commission Staff, the Office of the Attorney General (OAG), and

² Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 11.001-66.016 (PURA).

the Office of Public Utility Counsel (OPC), and except as provided herein, the Reviewing Representatives for the purpose of access to Highly Sensitive Protected Materials may be persons who are: (a) outside counsel for the Reviewing Party; (b) outside consultants for the Reviewing Party working under the direction of Reviewing Party's counsel; or (c) employees of the Reviewing Party working with and under the direction of Reviewing Party's counsel who have been authorized by the presiding officer to review Highly Sensitive Protected Materials. The Reviewing Party shall limit the number of Reviewing Representatives that review Highly Sensitive Protected Materials to the minimum number of persons necessary. The Reviewing Party is under a good faith obligation to limit access to each portion of any Highly Sensitive Protected Materials to two Reviewing Representatives whenever possible. Reviewing Representatives for Commission Staff, OAG, and OPC, for the purpose of access to Highly Sensitive Protected Materials, shall consist of their respective counsel of record in this proceeding and associated attorneys, paralegals, economists, statisticians, accountants, consultants, or other persons employed or retained by them and directly engaged in these proceedings.

9. **Copies Provided of Highly Sensitive Protected Material.** A producing party shall provide one copy of Highly Sensitive Protected Materials specifically requested by the Reviewing Party to the person designated by the Reviewing Party who must be a person authorized to review Highly Sensitive Protected Material under Paragraph 8. Representatives of the Reviewing Party who are authorized to view Highly Sensitive Protected Material may review the copy of Highly Sensitive Protected Materials at the office of the Reviewing Party's representative designated to receive the information. Any Highly Sensitive Protected Materials provided to a Reviewing Party may not be copied except as provided in Paragraph 7. The restrictions contained herein do not apply to Commission Staff, OPC, and the OAG when the OAG is representing a party to the proceeding.
10. **Procedures in Paragraphs 10-14 Apply to Commission Staff, OPC, and the OAG and Control in the Event of Conflict.** The procedures in Paragraphs 10 through 14 apply to responses to requests for documents or information that the producing party designates as Highly Sensitive Protected Materials and provides to Commission Staff, OPC, and the OAG in recognition of their purely public functions. To the extent the requirements of

Paragraphs 10 through 14 conflict with any requirements contained in other paragraphs of this Protective Order, the requirements of these Paragraphs shall control.

11. **Copy of Highly Sensitive Protected Material to be Provided to Commission Staff, OPC and the OAG.** When, in response to a request for information by a Reviewing Party, the producing party makes available for review documents or information claimed to be Highly Sensitive Protected Materials, the producing party shall also deliver one copy of the Highly Sensitive Protected Materials to the Commission Staff, OPC, and the OAG (if the OAG is representing a party) in Austin, Texas. Provided however, that in the event such Highly Sensitive Protected Materials are voluminous, the materials will be made available for review by Commission Staff, OPC, and the OAG (if the OAG is representing a party) at the designated office in Austin, Texas. The Commission Staff, OPC and the OAG (if the OAG is representing a party) may request such copies as are necessary of such voluminous material under the copying procedures specified herein.
12. **Delivery of the Copy of Highly Sensitive Protected Material to Commission Staff and Outside Consultants.** The Commission Staff, OPC, and the OAG (if the OAG is representing a party) may deliver the copy of Highly Sensitive Protected Materials received by them to the appropriate members of their staff for review, provided such staff members first sign the certification provided in Paragraph 15. After obtaining the agreement of the producing party, Commission Staff, OPC, and the OAG (if the OAG is representing a party) may deliver the copy of Highly Sensitive Protected Materials received by it to the agreed, appropriate members of their outside consultants for review, provided such outside consultants first sign the certification in Attachment A.
13. **Restriction on Copying by Commission Staff, OPC and the OAG.** Except as allowed by Paragraph 7, Commission Staff, OPC and the OAG may not make additional copies of the Highly Sensitive Protected Materials furnished to them unless the producing party agrees in writing otherwise, or, upon a showing of good cause, the presiding officer directs otherwise. Commission Staff, OPC, and the OAG may make limited notes of Highly Sensitive Protected Materials furnished to them, and all such handwritten notes will be treated as Highly Sensitive Protected Materials as are the materials from which the notes are taken.

14. **Public Information Requests.** In the event of a request for any of the Highly Sensitive Protected Materials under the Public Information Act, an authorized representative of the Commission, OPC, or the OAG may furnish a copy of the requested Highly Sensitive Protected Materials to the Open Records Division at the OAG together with a copy of this Protective Order after notifying the producing party that such documents are being furnished to the OAG. Such notification may be provided simultaneously with the delivery of the Highly Sensitive Protected Materials to the OAG.
15. **Required Certification.** Each person who inspects the Protected Materials shall, before such inspection, agree in writing to the following certification found in Attachment A to this Protective Order:

I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in this docket, and that I have been given a copy of it and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials shall not be disclosed to anyone other than in accordance with the Protective Order and unless I am an employee of Commission Staff or OPC shall be used only for the purpose of the proceeding in Docket No. 55629. I acknowledge that the obligations imposed by this certification are pursuant to such Protective Order. Provided, however, if the information contained in the Protected Materials is obtained from independent public sources, the understanding stated herein shall not apply.

In addition, Reviewing Representatives who are permitted access to Highly Sensitive Protected Material under the terms of this Protective Order shall, before inspection of such material, agree in writing to the following certification found in Attachment A to this Protective Order:

I certify that I am eligible to have access to Highly Sensitive Protected Material under the terms of the Protective Order in this docket.

The Reviewing Party shall provide a copy of each signed certification to Counsel for the producing party and serve a copy upon all parties of record.

16. **Disclosures between Reviewing Representatives and Continuation of Disclosure Restrictions after a Person is no Longer Engaged in the Proceeding.** Any Reviewing Representative may disclose Protected Materials, other than Highly Sensitive Protected

Materials, to any other person who is a Reviewing Representative provided that, if the person to whom disclosure is to be made has not executed and provided for delivery of a signed certification to the party asserting confidentiality, that certification shall be executed prior to any disclosure. A Reviewing Representative may disclose Highly Sensitive Protected Material to other Reviewing Representatives who are permitted access to such material and have executed the additional certification required for persons who receive access to Highly Sensitive Protected Material. In the event that any Reviewing Representative to whom Protected Materials are disclosed ceases to be engaged in these proceedings, access to Protected Materials by that person shall be terminated and all notes, memoranda, or other information derived from the protected material shall either be destroyed or given to another Reviewing Representative of that party who is authorized pursuant to this Protective Order to receive the protected materials. Any person who has agreed to the foregoing certification shall continue to be bound by the provisions of this Protective Order so long as it is in effect, even if no longer engaged in these proceedings.

17. **Producing Party to Provide One Copy of Certain Protected Material and Procedures for Making Additional Copies of Such Materials.** Except for Highly Sensitive Protected Materials, which shall be provided to the Reviewing Parties pursuant to Paragraph 9, and voluminous Protected Materials, the producing party shall provide a Reviewing Party one copy of the Protected Materials upon receipt of the signed certification described in Paragraph 15. Except for Highly Sensitive Protected Materials, a Reviewing Party may make further copies of Protected Materials for use in this proceeding pursuant to this Protective Order, but a record shall be maintained as to the documents reproduced and the number of copies made, and upon request the Reviewing Party shall provide the party asserting confidentiality with a copy of that record.
18. **Procedures Regarding Voluminous Protected Materials.** 16 Tex. Admin. Code (TAC) § 22.144(h) will govern production of voluminous Protected Materials. Voluminous Protected Materials will be made available in the producing party's voluminous room, in Austin, Texas, or at a mutually agreed upon location, Monday through Friday, 9:00 a.m. to 5:00 p.m. (except on state or Federal holidays), and at other mutually convenient times upon reasonable request.

19. **Reviewing Period Defined.** The Protected Materials may be reviewed only during the Reviewing Period, which shall commence upon entry of this Protective Order and continue until the expiration of the Commission's plenary jurisdiction. The Reviewing Period shall reopen if the Commission regains jurisdiction due to a remand as provided by law. Protected materials that are admitted into the evidentiary record or accompanying the evidentiary record as offers of proof may be reviewed throughout the pendency of this proceeding and any appeals.
20. **Procedures for Making Copies of Voluminous Protected Materials.** Other than Highly Sensitive Protected Materials, Reviewing Parties may take notes regarding the information contained in voluminous Protected Materials made available for inspection or they may make photographic, mechanical or electronic copies of the Protected Materials, subject to the conditions in this Protective Order; provided, however, that before photographic, mechanical, or electronic copies may be made, the Reviewing Party seeking photographic, mechanical or electronic copies must provide written confirmation of the receipt of copies listed on Attachment B of this Protective Order identifying each piece of Protected Materials or portions thereof the Reviewing Party will need.
21. **Protected Materials to be Used Solely for the Purposes of These Proceedings.** All Protected Materials shall be made available to the Reviewing Parties and their Reviewing Representatives solely for the purposes of these proceedings. Access to the Protected Materials may not be used in the furtherance of any other purpose, including, without limitation: (a) any other pending or potential proceeding involving any claim, complaint, or other grievance of whatever nature, except appellate review proceedings that may arise from or be subject to these proceedings; or (b) any business or competitive endeavor of whatever nature. Because of their statutory regulatory obligations, these restrictions do not apply to Commission Staff or OPC.
22. **Procedures for Confidential Treatment of Protected Materials and Information Derived from Those Materials.** Protected Materials, as well as a Reviewing Party's notes, memoranda, or other information regarding or derived from the Protected Materials are to be treated confidentially by the Reviewing Party and shall not be disclosed or used by the Reviewing Party except as permitted and provided in this Protective Order. Information derived from or describing the Protected Materials shall be maintained in a

secure place and shall not be placed in the public or general files of the Reviewing Party except in accordance with the provisions of this Protective Order. A Reviewing Party must take all reasonable precautions to insure that the Protected Materials including notes and analyses made from Protected Materials that disclose Protected Materials are not viewed or taken by any person other than a Reviewing Representative of a Reviewing Party.

23. **Procedures for Submission of Protected Materials.** If a Reviewing Party tenders for filing any Protected Materials, including Highly Sensitive Protected Materials, or any written testimony, exhibit, brief, motion or other type of pleading or other submission at the Commission or before any other judicial body that quotes from Protected Materials or discloses the content of Protected Materials, the confidential portion of such submission shall be filed and served in sealed envelopes or other appropriate containers endorsed to the effect that they contain Protected Material or Highly Sensitive Protected Material and are sealed pursuant to this Protective Order. If filed at the Commission, such documents shall be marked "PROTECTED MATERIAL" and shall be filed under seal with the presiding officer and served under seal to the counsel of record for the Reviewing Parties. The presiding officer may subsequently, on his/her own motion or on motion of a party, issue a ruling respecting whether or not the inclusion, incorporation or reference to Protected Materials is such that such submission should remain under seal. If filing before a judicial body, the filing party: (a) shall notify the party which provided the information within sufficient time so that the producing party may seek a temporary sealing order; and (b) shall otherwise follow the procedures in Rule 76a, Texas Rules of Civil Procedure.
24. **Maintenance of Protected Status of Materials during Pendency of Appeal of Order Holding Materials are not Protected Materials.** In the event that the presiding officer at any time in the course of this proceeding finds that all or part of the Protected Materials are not confidential or proprietary, by finding, for example, that such materials have entered the public domain or materials claimed to be Highly Sensitive Protected Materials are only Protected Materials, those materials shall nevertheless be subject to the protection afforded by this Protective Order for three (3) full working days, unless otherwise ordered, from the date the party asserting confidentiality receives notice of the presiding officer's order. Such notification will be by written communication. This provision establishes a deadline for appeal of a presiding officer's order to the Commission. In the event an appeal

to the Commissioners is filed within those three (3) working days from notice, the Protected Materials shall be afforded the confidential treatment and status provided in this Protective Order during the pendency of such appeal. Neither the party asserting confidentiality nor any Reviewing Party waives its right to seek additional administrative or judicial remedies after the Commission's denial of any appeal.

25. **Notice of Intent to Use Protected Materials or Change Materials Designation.** Parties intending to use Protected Materials shall notify the other parties prior to offering them into evidence or otherwise disclosing such information into the record of the proceeding. During the pendency of Docket No. 55629 at the Commission, in the event that a Reviewing Party wishes to disclose Protected Materials to any person to whom disclosure is not authorized by this Protective Order, or wishes to have changed the designation of certain information or material as Protected Materials by alleging, for example, that such information or material has entered the public domain, such Reviewing Party shall first file and serve on all parties written notice of such proposed disclosure or request for change in designation, identifying with particularity each of such Protected Materials. A Reviewing Party shall at any time be able to file a written motion to challenge the designation of information as Protected Materials.
26. **Procedures to Contest Disclosure or Change in Designation.** In the event that the party asserting confidentiality wishes to contest a proposed disclosure or request for change in designation, the party asserting confidentiality shall file with the appropriate presiding officer its objection to a proposal, with supporting affidavits, if any, within five (5) working days after receiving such notice of proposed disclosure or change in designation. Failure of the party asserting confidentiality to file such an objection within this period shall be deemed a waiver of objection to the proposed disclosure or request for change in designation. Within five (5) working days after the party asserting confidentiality files its objection and supporting materials, the party challenging confidentiality may respond. Any such response shall include a statement by counsel for the party challenging such confidentiality that he or she has reviewed all portions of the materials in dispute and, without disclosing the Protected Materials, a statement as to why the Protected Materials should not be held to be confidential under current legal standards, or that the party asserting confidentiality for some reason did not allow such counsel to review such

materials. If either party wishes to submit the material in question for in camera inspection, it shall do so no later than five (5) working days after the party challenging confidentiality has made its written filing.

27. **Procedures for Presiding Officer Determination Regarding Proposed Disclosure or Change in Designation.** If the party asserting confidentiality files an objection, the appropriate presiding officer will determine whether the proposed disclosure or change in designation is appropriate. Upon the request of either the producing or Reviewing Party or upon the presiding officer's own initiative, the presiding officer may conduct a prehearing conference. The burden is on the party asserting confidentiality to show that such proposed disclosure or change in designation should not be made. If the presiding officer determines that such proposed disclosure or change in designation should be made, disclosure shall not take place earlier than three (3) full working days after such determination unless otherwise ordered. No party waives any right to seek additional administrative or judicial remedies concerning such presiding officer's ruling.
28. **Maintenance of Protected Status during Periods Specified for Challenging Various Orders.** Any party electing to challenge, in the courts of this state, a Commission or presiding officer determination allowing disclosure or a change in designation shall have a period of ten (10) days from: (a) the date of an unfavorable Commission order; or (b) if the Commission does not rule on an appeal of an interim order, the date an appeal of an interim order to the Commission is overruled by operation of law, to obtain a favorable ruling in state district court. Any party challenging a state district court determination allowing disclosure or a change in designation shall have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from a state appeals court. Finally, any party challenging a determination of a state appeals court allowing disclosure or a change in designation shall have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from the state supreme court, or other appellate court. All Protected Materials shall be afforded the confidential treatment and status provided for in this Protective Order during the periods for challenging the various orders referenced in this paragraph. For purposes of this paragraph, a favorable ruling of a state district court, state appeals court, Supreme Court or other appellate court includes any order extending the deadlines in this paragraph.

29. **Other Grounds for Objection to Use of Protected Materials Remain Applicable.** Nothing in this Protective Order shall be construed as precluding any party from objecting to the use of Protected Materials on grounds other than confidentiality, including the lack of required relevance. Nothing in this Protective Order constitutes a waiver of the right to argue for more disclosure, provided, however, that unless the Commission or a court orders such additional disclosure, all parties will abide by the restrictions imposed by the Protective Order.
30. **Protection of Materials from Unauthorized Disclosure.** All notices, applications, responses, or other correspondence shall be made in a manner which protects Protected Materials from unauthorized disclosure.
31. **Return of Copies of Protected Materials and Destruction of Information Derived from Protected Materials.** Following the conclusion of these proceedings, each Reviewing Party must, no later than thirty (30) days following receipt of the notice described below, return to the party asserting confidentiality all copies of the Protected Materials provided by that party pursuant to this Protective Order and all copies reproduced by a Reviewing Party, and counsel for each Reviewing Party must provide to the party asserting confidentiality a letter by counsel that, to the best of his or her knowledge, information, and belief, all copies of notes, memoranda, and other documents regarding or derived from the Protected Materials (including copies of Protected Materials) that have not been so returned, if any, have been destroyed, other than notes, memoranda, or other documents which contain information in a form which, if made public, would not cause disclosure of the substance of Protected Materials. As used in this Protective Order, “conclusion of these proceedings” refers to the exhaustion of available appeals, or the running of the time for the making of such appeals, as provided by applicable law. If, following any appeal, the Commission conducts a remand proceeding, then the “conclusion of these proceedings” is extended by the remand to the exhaustion of available appeals of the remand, or the running of the time for making such appeals of the remand, as provided by applicable law. Promptly following the conclusion of these proceedings, counsel for the party asserting confidentiality will send a written notice to all other parties, reminding them of their obligations under this Paragraph. Nothing in this Paragraph shall prohibit counsel for each Reviewing Party from retaining two (2) copies of any filed testimony,

brief, application for rehearing, hearing exhibit or other pleading which refers to Protected Materials provided that any such Protected Materials retained by counsel shall remain subject to the provisions of this Protective Order.

32. **Applicability of Other Law.** This Protective Order is subject to the requirements of the Public Information Act, the Open Meetings Act,³ the Texas Securities Act⁴ and any other applicable law, provided that parties subject to those acts will notify the party asserting confidentiality, if possible, under those acts, prior to disclosure pursuant to those acts. Such notice shall not be required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.
33. **Procedures for Release of Information under Order.** If required by order of a governmental or judicial body, the Reviewing Party may release to such body the confidential information required by such order; provided, however, that: (a) the Reviewing Party shall notify the producing party of the order requiring the release of such information within five (5) calendar days of the date the Reviewing Party has notice of the order; (b) the Reviewing Party shall notify the producing party at least five (5) calendar days in advance of the release of the information to allow the producing party to contest any release of the confidential information; and (c) the Reviewing Party shall use its best efforts to prevent such materials from being disclosed to the public. The terms of this Protective Order do not preclude the Reviewing Party from complying with any valid and enforceable order of a state or federal court with competent jurisdiction specifically requiring disclosure of Protected Materials earlier than contemplated herein. The notice specified in this section shall not be required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.

³ Tex. Gov't. Code Ann. § 551.001-551.146.

⁴ Tex. Rev. Civ. Stat. Ann. arts. 581-1 to 581-43.

34. **Best Efforts Defined.** The term “best efforts” as used in the preceding paragraph requires that the Reviewing Party attempt to ensure that disclosure is not made unless such disclosure is pursuant to a final order of a Texas governmental or Texas judicial body, the written opinion of the Texas Attorney General sought in compliance with the Public Information Act, or the request of governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials. The Reviewing Party is not required to delay compliance with a lawful order to disclose such information but is simply required to timely notify the party asserting confidentiality, or its counsel, that it has received a challenge to the confidentiality of the information and that the Reviewing Party will either proceed under the provisions of § 552.301 of the Public Information Act, or intends to comply with the final governmental or court order. Provided, however, that no notice is required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.
35. **Notify Defined.** “Notify” for purposes of Paragraphs 32, 33 and 34 means written notice to the party asserting confidentiality at least five (5) calendar days prior to release; including when a Reviewing Party receives a request under the Public Information Act. However, the Commission, OAG, or OPC may provide a copy of Protected Materials to the Open Records Division of the OAG as provided herein.
36. **Requests for Non-Disclosure.** If the producing party asserts that the requested information should not be disclosed at all or should not be disclosed to certain parties under the protection afforded by this Protective Order, the producing party shall tender the information for in camera review to the presiding officer within ten (10) calendar days of the request. At the same time, the producing party shall file and serve on all parties its argument, including any supporting affidavits, in support of its position of non-disclosure. The burden is on the producing party to establish that the material should not be disclosed. The producing party shall serve a copy of the information under the classification of Highly Sensitive Protected Material to all parties requesting the information that the producing party has not alleged should be prohibited from reviewing the information.

Parties wishing to respond to the producing party's argument for non-disclosure shall do so within five working days. Responding parties should explain why the information should be disclosed to them, including why disclosure is necessary for a fair adjudication of the case if the material is determined to constitute a trade secret. If the presiding officer finds that the information should be disclosed as Protected Material under the terms of this Protective Order, the presiding officer shall stay the order of disclosure for such period of time as the presiding officer deems necessary to allow the producing party to appeal the ruling to the Commission.

37. **Sanctions Available for Abuse of Designation.** If the presiding officer finds that a producing party unreasonably designated material as Protected Material or as Highly Sensitive Protected Material, or unreasonably attempted to prevent disclosure pursuant to Paragraph 36, the presiding officer may sanction the producing party pursuant to 16 TAC § 22.161.
38. **Modification of Protective Order.** Each party shall have the right to seek changes in this Protective Order as appropriate from the presiding officer.
39. **Breach of Protective Order.** In the event of a breach of the provisions of this Protective Order, the producing party, if it sustains its burden of proof required to establish the right to injunctive relief, shall be entitled to an injunction against such breach without any requirements to post bond as a condition of such relief. The producing party shall not be relieved of proof of any element required to establish the right to injunctive relief. In addition to injunctive relief, the producing party shall be entitled to pursue any other form of relief to which it is entitled.

ATTACHMENT A

Protective Order Certification

I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in this docket and that I have received a copy of it and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials shall not be disclosed to anyone other than in accordance with the Protective Order and unless I am an employee of the Commission or OPC shall be used only for the purpose of the proceeding in Docket No. 55629. I acknowledge that the obligations imposed by this certification are pursuant to such Protective Order. Provided, however, if the information contained in the Protected Materials is obtained from independent public sources, the understanding stated here shall not apply.

Signature

Party Represented

Printed Name

Date

I certify that I am eligible to have access to Highly Sensitive Protected Material under the terms of the Protective Order in this docket.

Signature

Party Represented

Printed Name

Date

ATTACHMENT B

I request to view/copy the following documents:

<u>Document Requested</u>	<u># of Copies</u>	<u>Non-Confidential</u>	<u>Confidential and/or H.S.</u>

Signature

Party Represented

Printed Name

Date

ATTACHMENT C

APPLICATION OF SOUTHWESTERN	§	BEFORE THE
ELECTRIC POWER COMPANY TO	§	PUBLIC UTILITY COMMISSION
AMEND ITS DISTRIBUTION COST	§	
RECOVERY FACTOR	§	OF TEXAS

**STATEMENT UNDER SECTION 4 OF THE PROTECTIVE ORDER
AND LIST OF CONFIDENTIAL/HIGHLY SENSITIVE INFORMATION**

Southwestern Electric Power Company's (SWEPCO) filing package includes proprietary information, commercially or competitively sensitive information, and/or trade secret information, or information whose public disclosure would be contrary to contractual obligations to which SWEPCO is bound. The public disclosure of this information would harm SWEPCO or third parties with whom SWEPCO must maintain an ongoing business relationship. Therefore, this information is protected under the Public Information Act, Tex. Gov't. Code §§ 552.101, 552.104, and 552.110. The following is a list of testimony, schedules, and workpapers that include such information, along with the sponsoring witness, the designation of the information, and applicable legal exemption.

Confidential and Highly Sensitive Material

Witness	Exempt Material	Designation	Exempt Under Tex. Gov't. Code

Witness	Exempt Material	Designation	Exempt Under Tex. Gov't. Code

I certify that I have reviewed the information sufficiently to state in good faith that the information is exempt from public disclosure under the Public Information Act and merits the applicable designation of Confidential (Protected) Materials or Highly Sensitive (Highly Sensitive Protected) Materials detailed in the Protective Order accompanying this Application.

Patrick Pearsall

Date: October 27, 2023

PUC DOCKET NO. 55629
PUBLIC UTILITY COMMISSION OF TEXAS

APPLICATION OF
SOUTHWESTERN ELECTRIC POWER COMPANY
TO AMEND ITS DISTRIBUTION COST RECOVERY FACTOR

DIRECT TESTIMONY OF
BRYAN K. BLANTON
FOR
SOUTHWESTERN ELECTRIC POWER COMPANY

OCTOBER 2023

TESTIMONY INDEX

<u>SECTION</u>	<u>PAGE</u>
I. INTRODUCTION	1
II. PURPOSE OF TESTIMONY	2
III. OVERVIEW OF THE SWEPCO DISTRIBUTION SYSTEM	3
IV. DISTRIBUTION CAPITAL INVESTMENT	5
V. CAPITAL ADDITIONS	6

EXHIBITS

<u>EXHIBIT</u>	<u>DESCRIPTION</u>
Exhibit BKB-1	MAP OF THE SWEPCO TEXAS SERVICE TERRITORY
Exhibit BKB-2	JULY 2022 THROUGH DECEMBER 2022 - DISTRIBUTION PLANT ADDITIONS SUMMARY
Exhibit BKB-3	JANUARY 2023 THROUGH AUGUST 2023 - DISTRIBUTION PLANT ADDITIONS SUMMARY

1 I. INTRODUCTION

2 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

3 A. My name is Bryan K. Blanton. My business address is 4421 W. Loop 281, Longview,
4 Texas 75604.

5 Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

6 A. I am Manager, Distribution System for the Southwestern Electric Power Company
7 (SWEPCO or the Company) Longview District. SWEPCO is a wholly owned
8 subsidiary of American Electric Power Company, Inc. (AEP). SWEPCO is
9 headquartered in Shreveport, Louisiana.

10 Q. WHAT ARE YOUR RESPONSIBILITIES AS MANAGER DISTRIBUTION
11 SYSTEM FOR THE LONGVIEW DISTRICT?

12 A. I am responsible for overseeing the planning, construction, operation, and maintenance
13 of the SWEPCO Longview District distribution system. My duties include the
14 governance of new policies and procedures pertaining to distribution line equipment,
15 oversight, and management of service extensions to new customers and capacity
16 additions, the safe and reliable delivery of service to customers, and restoring service
17 to customers when outages occur.

18 Q. PLEASE BRIEFLY DESCRIBE YOUR PROFESSIONAL BACKGROUND.

19 A. My career in the electric utility industry spans 28 years, beginning with my
20 employment as a Journeyman Lineman at the Rusk County Electric Cooperative in
21 1995. In 2002, I joined AEP as a Journeyman Lineman for SWEPCO's Longview
22 District. In 2005, I transferred to the position of Troubleman, followed by a promotion
23 in 2009 to Service Supervisor. As a Troubleman, my duties included installing and

1 maintaining distribution-related equipment associated with all aspects of electric
2 service to customers and restoring electric service following unplanned outages. As
3 Service Supervisor, I assessed and prioritized projects associated with distribution asset
4 improvement and modernization. I also directly supervised the Troublemakers for the
5 Longview District. I assumed my current position of Manager Distribution System for
6 the SWEPCO Longview District, in January 2016.

7 Q. HAVE YOU PREVIOUSLY FILED TESTIMONY?

8 A. Yes. I filed testimony before the Public Utility Commission of Texas (Commission)
9 in Docket No. 49041 and in Docket No. 54039.

10

11 II. PURPOSE OF TESTIMONY

12 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

13 A. My testimony supports SWEPCO's request to amend its distribution cost recovery
14 factor (DCRF). This is SWEPCO's second DCRF proceeding since the end of its last
15 comprehensive base-rate case, Docket No. 51415, which had a test year ending March
16 31, 2020. SWEPCO's most recent DCRF filing, Docket No. 54039, reflected
17 distribution capital investment for the period from April 1, 2020 through June 30, 2022,
18 and resulted in the implementation of SWEPCO's current DCRF rates.

19 My testimony describes SWEPCO's distribution system and the capital
20 investment required to provide reliable electric service to customers in the Company's
21 Texas service area. Specifically, I support gross distribution-related capital additions
22 placed in service from July 1, 2022 through August 31, 2023 (the "Review Period") in
23 the amount of \$77,196,326. Please refer to the direct testimony of SWEPCO witness

1 J. David Spring for a discussion of the net amounts requested for recovery through the
2 proposed DCRF.

3 Q. DO YOU SPONSOR ANY EXHIBITS WITH YOUR TESTIMONY?

4 A. Yes, I sponsor the exhibits identified in the Exhibit Index.

5 Q. PLEASE SUMMARIZE THE CONCLUSIONS REACHED IN YOUR
6 TESTIMONY.

7 A. I conclude that the gross distribution capital investment addressed in this case is limited
8 to that which is allowed for recovery through a DCRF in accordance with Public Utility
9 Regulatory Act (PURA)¹ § 36.210 and 16 Tex. Admin. Code § 25.243 (TAC). In
10 addition, I conclude that the distribution capital additions at issue represent the
11 investment in distribution infrastructure needed to provide reliable electric service to
12 SWEPCO's new and existing Texas customers.

13

14 III. OVERVIEW OF THE SWEPCO DISTRIBUTION SYSTEM

15 Q. PLEASE DESCRIBE THE SWEPCO SERVICE TERRITORY.

16 A. SWEPCO spans sections of Texas, Arkansas, and Louisiana. SWEPCO's distribution
17 system in Texas encompasses approximately 10,000 square miles and includes
18 approximately 8,000 miles of overhead conductor and 880 miles of underground
19 conductor operated at voltages from 4 kV to 34 kV. SWEPCO's Texas service territory
20 (SWEPCO Texas) spans sections of northeast Texas and the Panhandle of Texas, as
21 shown in Exhibit BKB-1.

¹ PURA is codified at Tex. Util. Code Ann. §§ 11.001 – 66.016.

1 A substantial portion of the distribution system in the northeast Texas area was
2 built in the late 1920s and 1930s to serve the electrification of the northeast Texas oil
3 fields. That construction was often from Point A to Point B, across country through
4 heavy vegetation and rolling terrain. In addition, the northeast Texas service territory
5 is an area of rolling hills, heavy timber with tall pines and hardwood, heavy vegetation,
6 lakes, rivers, and streams. SWEPCO's service area receives some of the state's
7 heaviest levels of precipitation, which has a significant impact on vegetation growth
8 rates and, ultimately, reliability. Average annual rainfall in the city of Longview, for
9 example, is approximately 48 inches, compared to a statewide average of less than 29
10 inches.²

11 SWEPCO's northeast Texas service territory is 160 miles away from the Gulf
12 Coast and is not subject to direct landfall and storm surges of hurricanes. However, it
13 is subject to impacts from hurricanes and tropical storms that move inland, such as Rita,
14 Ike, Gustav, and Laura. Both the northeast Texas and Panhandle territories are subject
15 to tornadoes, straight-line wind damage, and severe winter weather, including ice
16 storms.

² <https://www.currentresults.com/Weather/US/average-annual-state-precipitation.php>

1 IV. DISTRIBUTION CAPITAL INVESTMENT

2 Q. WHAT DISTRIBUTION CAPITAL INVESTMENT IS INCLUDED IN THIS DCRF
3 FILING?

4 A. The Commission's DCRF rule allows for the inclusion for recovery through a DCRF
5 of all distribution plant, and the Texas jurisdictional share of distribution-related
6 intangible plant, and distribution-related communication equipment and networks
7 properly recorded in Federal Energy Regulatory Commission (FERC) Uniform System
8 of Accounts 303, 352, 353, 360 through 374, 391, and 397. The majority of the
9 SWEPCO distribution capital investment during the Review Period is for distribution
10 plant, which primarily includes poles, towers and fixtures; overhead conductor and
11 devices; underground conductor and devices; line transformers; and meters. SWEPCO
12 witness Spring provides further discussion of the distribution capital investments
13 included in this filing.

14 Q. WHAT FACTORS DETERMINE THE NEED FOR DISTRIBUTION CAPITAL
15 INVESTMENT?

16 A. There are several important factors that determine the need for distribution capital
17 investment. One important factor is the expansion of the distribution system to
18 address customer growth. SWEPCO customer movement often requires additions for
19 new customer service. A second important factor is the replacement of aging
20 infrastructure. As distribution assets approach the end of their designed lifecycle, it
21 is necessary to proactively replace these assets to maintain reliable service.

V. CAPITAL ADDITIONS

Q. WHAT HAS BEEN THE LEVEL OF SWEPCO'S DISTRIBUTION CAPITAL ADDITIONS FOR THE REVIEW PERIOD?

A. Approximately \$77 million in gross distribution capital was added to plant in service during the Review Period. This amount includes only capital additions, net of any applicable reimbursement. See Figure 1 below for the Review Period distribution capital additions by year.

Figure 1 – SWEPCO Distribution Capital Additions by Year

Year	Distribution Capital Additions
2022*	\$ 34,405,062.47
2023**	\$ 42,791,263.30
Total	\$ 77,196,325.77

*2022 is a 6-month period from 7/2022 – 12/2022

**2023 is an 8-month period from 1/2023 – 8/2023

The level of investment in Figure 1 is representative of the distribution capital investments needed for the Company's focus on infrastructure to accommodate new SWEPCO customer additions in Texas, and to replace aging infrastructure to assure reliability of the existing distribution system.

Q. PLEASE DESCRIBE EXHIBIT BKB-2 AND BKB-3 TO YOUR TESTIMONY.

A. As required by the DCRF Rate Filing Package general instructions, Exhibit BKB-2 and Exhibit BKB-3 provide the distribution projects completed during the Review Period, by year, including descriptions of all projects greater than \$100,000. Each exhibit includes the Project Type, Project Identification Number (ID), Project Description, and Project Cost (Addition) for each capital investment over \$100,000. The projects less

1 than or equal to \$100,000 are combined and summed as a single entry at the bottom of
2 the exhibit and included in the total for each year. Per General Instruction No. 2 of the
3 DCRF Rate Filing Package, the details behind Exhibit BKB-2 and Exhibit BKB-3 are
4 provided separately as workpapers and include an Excel workbook, with links,
5 formulas, functions, and pivot tables intact.

6 Q. PLEASE DEFINE EACH OF THE COLUMN HEADERS IN EXHIBIT BKB-2 AND
7 EXHIBIT BKB-3.

8 A. Each of the column headers are defined as follows:

9 Project Type – This column indicates the general nature of the utility activity supported
10 by the project. The summary of the project type provides a high-level view of the
11 allocation of capital on an annual basis based on the various activities performed by the
12 Company.

13 Project ID – The Project ID is a unique project identification number assigned to each
14 project. Utilities are required to record all construction and retirements of electric plant
15 by means of work orders. All work orders are associated with a project, and the project
16 ID can be used in the accounting system to summarize the total project cost or the
17 summation of the work order costs associated with a project.

18 Project Description – The Project Description provides a brief description of the
19 project. The project description provides additional project details that may not be
20 evident from looking at other utility accounts.

21 Addition – A capital addition occurs when an asset is added to electric plant, and the
22 cost thereof is added to the appropriate electric plant account.

1 Q. WHAT IS THE NATURE OF SWEPCO'S MAJOR DISTRIBUTION CAPITAL
2 ADDITIONS AS REFLECTED IN EXHIBIT BKB-2 AND EXHIBIT BKB-3?

3 A. Distribution capital additions represent the investment in infrastructure needed to
4 provide reliable electric service to new and existing customers. The following
5 descriptions are for the major capital project types:

- 6 • Asset Improvement – This is largely the replacement of aging infrastructure
7 that is approaching the end of its useful life. Replacing infrastructure before it
8 fails reduces outages and improves reliability.
- 9 • Customer Service – This capital work is related to the installation of service for
10 new residential and commercial customers. This work is required to connect
11 new customers to the distribution system as well as the costs of the necessary
12 transformers and meters.
- 13 • Reliability - Reliability programs are specific capital programs that target
14 known reliability issues affecting groups of customers or whole circuits
15 experiencing reliability issues.
- 16 • Planning Capacity – This work is related to the installed assets required for
17 SWEPCO's long-range planning for meeting electrical load on SWEPCO's
18 distribution system. The need for capacity expansion can be due to either new
19 customers or new load by existing customers in an area.
- 20 • Distribution Portion of a Transmission Project – This capital work is related to
21 installation of distribution equipment required during a Transmission project to
22 install a new or upgrade an existing line or substation to support reliability
23 and/or load growth.
- 24 • System Restoration – This is capital work related to the restoration of the
25 distribution electrical system.
- 26 • Other – This work is related to capital expenditures that are not included in the
27 other six capital addition categories.

28 Q. HAVE ALL OF THE CAPITAL PROJECTS IDENTIFIED IN EXHIBIT BKB-2 AND
29 EXHIBIT BKB-3 BEEN PLACED IN SERVICE?

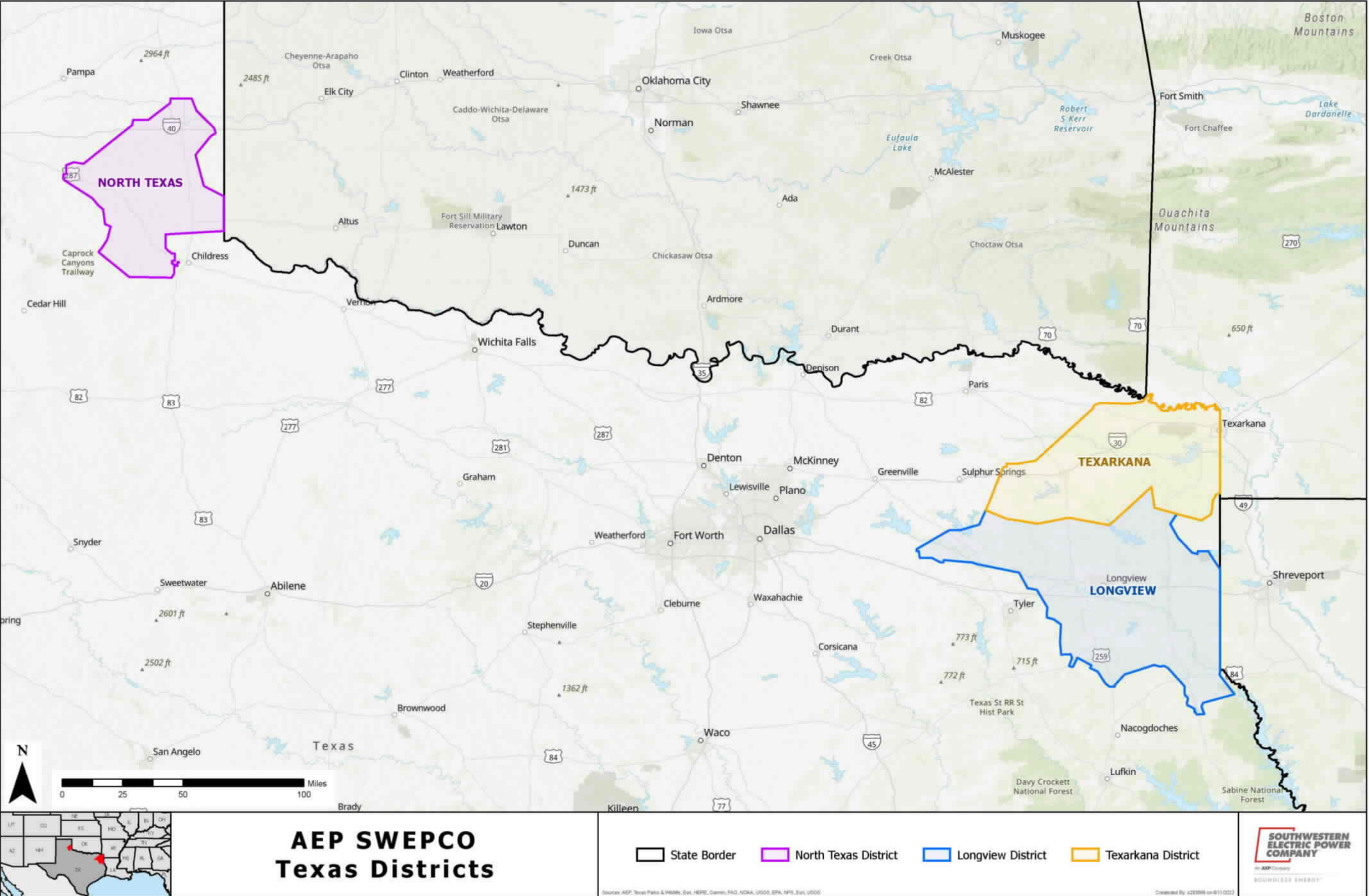
30 A. Yes. All of the capital investment projects listed in Exhibit BKB-2 and Exhibit BKB-
31 3 were placed in service during the Review Period and are used and useful. The in-
32 service month detail is provided in the exhibit's work papers.

1 Q. IS THE DISTRIBUTION CAPITAL INVESTMENT INCLUDED IN THIS
2 APPLICATION REASONABLE AND NECESSARY FOR SWEPCO'S SYSTEM
3 OPERATIONS?

4 A. Yes. Although I understand that the determination of the prudence, reasonableness and
5 necessity of costs associated with the capital investment being recovered through this
6 DCRF will be deferred until SWEPCO'S next general base rate case, these capital costs
7 are reasonable and the investment was necessary for the Company to provide safe and
8 reliable distribution service to its customers.

9 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

10 A. Yes, it does.



SWEPCO TX Distribution - Capital Additions Summary
July - December 2022

PUC Docket No. 55629
Exhibit BKB-2
Page 1 of 2

Project Type	Project ID	Project Description	Project Cost (Addition)
Asset Improvement	000007589	000007589 SWEPCO TX-UG Cable Repl Failure/Reactive replacement of failed primary or secondary cable/replacing spans of wire between equipment.	\$ 266,027.07
	000007606	000007606 SWEPCO TX-Failed Equip No Outage/Reactive replacement of failed overhead or underground equipment in situations where the failure of the unit does not result in an outage.	\$ 783,019.86
	A20084014	A20084014 Grand Saline N & S XFMR Failure - Project created to capture costs associated with station transformer failures of the north and south transformers in Grand Saline substation.	\$ 462,252.73
	A20924007	A20924007 Pur Spare 68.8/13.09x4.16 S11 - Restock reserve/spare substation transformer due to unit being used to replace a failed unit.	\$ 516,273.57
	B161TXSRE	B161TXSRE SWEPCO General Substation Work at Various Locations	\$ 3,507,942.00
	EDN102209	EDN102209 Ds-SWEPCO TX-Ai Pole Replacement - Replacement of poles which have been identified through inspection as deteriorated or hazardous.	\$ 2,346,770.29
	EDN102210	EDN102210 Ds-SWEPCO TX-Ai Small Wire Repl Oh - Replacement of small overhead wires in Texas which have been identified through inspection as deteriorated or hazardous.	\$ 410,254.67
	EDN102215	EDN102215 Ds-SWEPCO TX-Ai Ckt Inspections - Visually inspect all overhead facilities on a circuit to identify and correct deficiencies necessary for the safety of employees and the public.	\$ 378,848.32
	ITCB15900	ITCB15900 SOUTHWESTERN ELEC PWR-DIST Texas Allocated - Telcom capital installs	\$ 103,687.36
	ITCW15903	ITCW15903 SWEPCO Next Gen Radio Sys - Texas Allocated - Telcom Next Gen Upgrade	\$ 133,541.33
	ITCW16103	ITCW16103 SWEPCO Next Gen Radio Sys - Texas - Telcom Next Gen Upgrade	\$ 188,627.15
	SWEPTXWPC	SWEPTXWPC SWEPCO TX WPC - A blanket project intended to fund prescriptive reliability improvements for top ten percent worst-performing circuits in Texas.	\$ 806,119.12
	Asset Improvement Total		\$ 9,903,363.46
Customer Service	000001566	000001566 SWEPCO TX-Damage Claims-Reimburse/Replacement of overhead or underground distribution facilities that were damaged by the public.	\$ 207,564.80
	000005257	000005257 SWEPCo-D Capital Software Dev - Corporate Initiative/major software upgrades/replacement of vintage system.	\$ 919,461.21
	000005264	000005264 SWEPCo Capital Software Dev - Initiative/major software upgrades/replacement of vintage system.	\$ 546,927.57
	000005279	000005279 SWEPCoTX-D Capital Software Dev/Corporate Initiative/major software upgrades/replacement of vintage system.	\$ 243,215.82
	000007622	000007622 SWEPCO TX Cust Req Relocate -Relocate or remove Texas facilities at the request of a non-government party such as a developer or individual customer.	\$ 152,279.21
	EDN102197	EDN102197 Ds/SWEPCO TX/Residential New - Provides new facilities in Texas necessary to extend electric service to new residential customers.	\$ 3,744,681.62
	EDN102198	EDN102198 Ds/SWEPCO TX/Residential Upgrade - Provides facilities and improvements necessary to upgrade electric service to existing commercial and industrial customers.	\$ 302,702.34
	EDN102199	EDN102199 Ds/SWEPCO TX/C&I New - Provides new facilities in Texas necessary to extend electric service to new commercial and industrial customers.	\$ 3,276,753.90
	EDN102200	EDN102200 Ds/SWEPCO TX/C&I Upgrade - Improvements and upgrades made for the expansion of new customers	\$ 264,726.03
	EDN102219	EDN102219 Ds/SWEPCO TX/Public Relocation - Cost for all changes to existing facilities made mandatory by relocation projects carried out by SWEPCO.	\$ 817,200.77

SWEPCO TX Distribution - Capital Additions Summary
July - December 2022

PUC Docket No. 55629
Exhibit BKB-2
Page 2 of 2

	EDN102625	EDN102625 Ds/SWEPCO TX/Meter Blanket - This blanket project was established to capture costs associated with the use of RF digital meters in Texarkana and Longview Districts.	\$ 182,191.38
	EON102626	EON102626 Ds/SWEPCO TX/Line Transformer- Purchase and installation of overhead and padmounted distribution transformers.	\$ 5,777,951.97
	X00000329	X00000329 ZZZ/VOID/ET-CI-SWEPCO TX-T PPR - Public Relocation - Installation of distribution facilities to accommodate a city, state, and/or federal government infrastructure improvement project such as road widening and/or roadway improvements. TXDOT does not reimburse for facility adjustments when the existing facilities were located within the highway rights-of-way.	\$ 133,905.33
Customer Service Total			\$ 16,569,561.94
Reliability	000004743	000004743 SWEPCO-TX Sectionalizing Program- Installation of new sectionalizing equipment such as fused cutouts, reclosers, sectionalizers and switches. Resulting in smaller sections of the system being outage during fault conditions or faster response after an outage.	\$ 435,131.26
	000007825	000007825 SWEPCO-Small Local Asset Imp-TX - Planned and unplanned additions/improvements to the distribution system related to load growth.	\$ 1,399,864.80
	000026559	000026559 Tatum-Beckville 12Kv Rebuild - This project is setup to capture costs associated with the Tatum to Beckville 12Kv rebuild work. The work to include reconductoring and rebuilding a 3.6 mile section of Beckville circuit #9120 from the Beckville substation to normal open switch M347 on pole#11259. Approximately 168 spans to be rebuilt in total.	\$ 2,936,475.75
	DR18S01A5	DR18S01A5 Overhead Renewal Project - TX - Project to upgrade breaker zones of aging overhead circuits to improve Customer Minutes of Interruption (CMI). Primary scope includes application of new design standards to increase storm hardening, resiliency, and BIL.	\$ 338,798.85
	DR20T0980	DR20T0980 SWEPCO Pacific - Project created to replace distribution feeder breakers in SWEPCO.	\$ 560,464.79
Reliability Total			\$ 5,670,735.45
System Restoration	EDN103232	EDN103232 SWEPCO TX Svc Restoration NonMjr - Trouble call capitalized repairs to the overhead and underground distribution system requiring facility replacement, includes poles and other retirement units and their related components. Both weather and non-weather related outage response is included.	\$ 1,112,768.97
System Restoration Total			\$ 1,112,768.97
Leass Than 100k			\$ 1,148,632.65
Grand Total			\$ 34,405,062.47

SWEP CO TX Distribution - Capital Additions Summary
January - September 2023

Project Type	Project ID	Project Description	Project Cost (Addition)
Asset Improvement	000007589	000007589 SWEP CO TX-UG Cable Repl Failure/Reactive replacement of failed primary or secondary cable/replacing spans of wire between equipment.	\$ 849,853.43
	000007606	000007606 SWEP CO TX-Failed Equip No Outage/Reactive replacement of failed overhead or underground equipment in situations where the failure of the unit does not result in an outage.	\$ 1,350,749.92
	B161TXSRE	B161TXSRE D/SWEP CO/Non-Specific Work Station -SWEP CO General Substation Work at Various Locations	\$ 3,014,350.84
	EDN102209	EDN102209 Ds-SWEP CO TX-Ai Pole Replacement - Replacement of poles which have been identified through inspection as deteriorated or hazardous.	\$ 3,634,456.81
	EDN102210	EDN102210 Ds-SWEP CO TX-Ai Small Wire Repl Oh - Replacement of small overhead wires in Texas which have been identified through inspection as deteriorated or hazardous.	\$ 237,348.40
	EDN102215	EDN102215 Ds-SWEP CO TX-Ai Ckt Inspections - Visually inspect all overhead facilities on a circuit to identify and correct deficiencies necessary for the safety of employees and the public.	\$ 546,643.98
	IT168CCIC	IT168CCIC Cloud Computing Imp Cost - Cloud Computing Implementation Cost - SWEP CO - Texas Allocated.	\$ 100,964.27
	ITCB15900	ITCB15900 SWEP CO-DIST - Texas Allocated - Telecom capital installs.	\$ 157,537.09
	ITCW15903	ITCW15903 SWEP CO Next Gen Radio Sys - Texas Allocated - Telcom Next Gen Upgrade.	\$ 397,520.26
	ITCW15908	ITCW15908 Longstreet Tower Replacement - Texas Allocated - IT/Telecomm project to replace tower in Longstreet.	\$ 206,043.96
	ITCW16103	ITCW16103 SWEP CO Next Gen Radio Sys - Texas - Telcom Next Gen Upgrade.	\$ 311,207.15
	SWEPTXWPC	SWEPTXWPC SWEP CO TX WPC - A blanket project intended to fund prescriptive reliability improvements for top ten percent worst-performing circuits in Texas.	\$ 1,902,363.64
Asset Improvement Total			\$ 12,709,039.75
Customer Service	000001566	000001566 SWEP CO TX-Damage Claims-Reimburse/Replacement of overhead or underground distribution facilities that were damaged by the public.	\$ 301,050.01
	000005257	000005257 SWEP CO-D Capital Software Dev/Corporate Initiative/major software upgrades/replacement of vintage system.	\$ 779,766.26
	000005264	000005264 SWEP CO Capital Software Dev - Initiative/major software upgrades/replacement of vintage system.	\$ 513,437.98
	000005279	000005279 SWEP CO TX-D Capital Software Dev/Corporate Initiative/major software upgrades/replacement of vintage system.	\$ 255,633.01
	000027187	000027187 Wadley Hospital - Texarkana - A customer service project designed to deliver electric service to the new Wadley hospital in Texarkana.	\$ 114,305.34
	EDN102197	EDN102197 Ds/SWEP CO TX/Residential New - Provides new facilities in Texas necessary to extend electric service to new residential customers.	\$ 5,079,023.87
	EDN102198	EDN102198 Ds/SWEP CO TX/Residential Upgrade - Provides facilities and improvements necessary to upgrade electric service to existing commercial and industrial customers.	\$ 359,128.97
	EDN102199	EDN102199 Ds/SWEP CO TX/C&I New - Provides new facilities in Texas necessary to extend electric service to new commercial and industrial customers.	\$ 4,402,202.39
	EDN102200	EDN102200 Ds/SWEP CO TX/C&I Upgrade - Improvements and upgrades made for the expansion of new customers.	\$ 320,805.38
	EDN102217	EDN102217 Ds-SWEP CO TX-Ai Oth Make Ready - A blanket project intended to fund joint-use make ready work for third party pole attachments.	\$ 201,709.63
	EDN102219	EDN102219 Ds/SWEP CO TX/Public Relocation - Cost for all changes to existing facilities made mandatory by relocation projects carried out by SWEP CO.	\$ 460,104.79

SWEPCO TX Distribution - Capital Additions Summary
January - September 2023

	EON102626	EON102626 Ds/SWEPCO TX/Line Transformer- Purchase and installation of overhead and padmounted distribution transformers.	\$ 11,020,873.18
	X00000329	X00000329 ZZZ/VOID/ET-CI-SWEPCO TX-T PPR - Public Relocation - Installation of distribution facilities to accommodate a city, state, and/or federal government infrastructure improvement project such as road widening and/or roadway improvements. TXDOT does not reimburse for facility adjustments when the existing facilities were located within the highway rights-of-way.	\$ 122,391.14
Customer Service Total			\$ 23,930,431.95
Planning Capacity	DR23S02A0	DR23S02A0 Scottsville D-Line - Provides funding for the distribution line work associated with the rebuild of Scottsville substation. Provides temporary station power service and the reconstruction of the distribution feeder exits.	\$ 332,623.88
Planning Capacity Total			\$ 332,623.88
Reliability	000004743	000004743 SWEPCO-TX Sectionalizing Program- Installation of new sectionalizing equipment such as fused cutouts, reclosers, sectionalizers and switches. Resulting in smaller sections of the system being outage during fault conditions or faster response after an outage.	\$ 231,541.55
	000007825	000007825 SWEPCO-Small Local Asset Imp-TX - Planned and unplanned additions/improvements, usually smaller or local in scale, to the distribution system related to system integrity, reliability improvements, and/or load growth.	\$ 1,829,564.53
	000026742	000026742 Harrison11870-Pliler10370 - Provides funding for a distribution line reliability project to construct a circuit tie between Harrison Rd. circuit # 11870 and Pliler circuit # 10370.	\$ 257,460.36
	DR18S01A5	DR18S01A5 Overhead Renewal Project - TX - Project to upgrade breaker zones of aging overhead circuits to improve Customer Minutes of Interruption (CMI). Primary scope includes application of new design standards to increase storm hardening, reliability, and BIL.	\$ 117,441.23
Reliability Total			\$ 2,436,007.67
System Restoration	DMS22TX06	DMS22TX06 SWEPCO TX/ TX 110422 Mt Pl Tornado - A storm work order created to capture restoration activities associated with a storm in Mount Pleasant that occurred on November 4, 2022.	\$ 203,376.56
	DMS23TX02	DMS23TX02 SWEPCO/TD/TX/MTPL/ICE1-31-23 - A storm work order created to capture costs for restoration activities associated with a winter weather event in the Mount Pleasant area on January 1, 2023.	\$ 147,037.29
	DMS23TX05	DMS23TX05 MARCH/LD 3-2-2023 THUNDERSTORM - A storm work order created to capture costs for restoration activities associated with a thunderstorm in the Longview district on March 2, 2023.	\$ 108,993.25
	EDN103232	EDN103232 SWEPCOTX Svc Restoration NonMjr - Trouble call capitalized repairs to the overhead and underground distribution system requiring facility replacement, includes poles and other retirement units and their related components. Both weather and non-weather related outage response is included.	\$ 1,561,032.51
System Restoration Total			\$ 2,020,439.61
Less Than 100k			\$ 1,362,720.44
Total			\$ 42,791,263.30



10-26_Blanton_SWPCO-DCRF_Affidavit.pdf

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E-Signature Summary

E-Signature 1: Bryan Blanton (BB)

October 26, 2023 07:06:05 -8:00 [C9ACE3BBAA43] [167.239.221.101]
 bkbanton@aep.com (Principal) (Personally Known)

E-Signature Notary: Ashley Price (AP)

October 26, 2023 07:06:05 -8:00 [3E807B6E2A8E] [167.239.221.101]
 amprice@aep.com

I, Ashley Price, did witness the participants named above electronically sign this document.



STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

AFFIDAVIT OF BRYAN K. BLANTON

BEFORE ME, the undersigned authority, on this day personally appeared Bryan K. Blanton, who being by me first duly sworn, on oath, deposed and said the following:

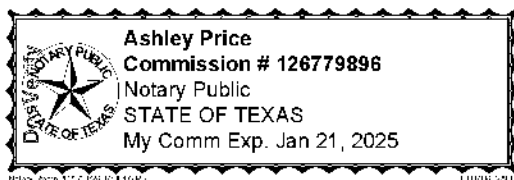
1. My name is Bryan K. Blanton, I am of sound mind and capable of making this affidavit. The facts stated herein are correct based on my personal knowledge.
2. I am a Manager, Distribution System for Southwestern Electric Power Company ("SWEPCO"). I am testifying on behalf of the applicant in this proceeding, SWEPCO.
3. SWEPCO has prepared an application for authority from the Public Utility Commission of Texas to implement a distribution cost recovery factor (the "Application").
4. The Application complies with SWEPCO's tariff and 16 Texas Admin. Code § 25.243.
5. The distribution invested capital in the Application includes only costs for plant that has been placed into service; that comply with PURA, including § 36.053 and § 36.058; and that are prudent, reasonable, and necessary.
6. The Application is true and correct to the best of my knowledge, information, and belief.

Further affiant sayeth not.

Bryan Blanton
Signed on 2/23/2023 10:04:03

Bryan K. Blanton

SUBSCRIBED AND SWORN TO BEFORE ME on this 26th day of October, 2023.



Ashley Price
Signed on 10/26/2023 10:56:10
Notary Public

Notarial act performed by audio-visual communication

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PUC DOCKET NO. 55629
PUBLIC UTILITY COMMISSION OF TEXAS

APPLICATION OF
SOUTHWESTERN ELECTRIC POWER COMPANY
TO AMEND ITS DISTRIBUTION COST RECOVERY FACTOR

DIRECT TESTIMONY OF
J. DAVID SPRING
FOR
SOUTHWESTERN ELECTRIC POWER COMPANY

OCTOBER 2023

TESTIMONY INDEX

<u>SECTION</u>	<u>PAGE</u>
I. INTRODUCTION	1
II. PURPOSE AND SUMMARY	2
III. REQUIREMENTS OF DCRF APPLICATION	4
IV. CALCULATION OF REVENUE REQUIREMENT	8
V. RECOVERY OF RATE-CASE EXPENSES	14
VI. CONCLUSION	14

EXHIBITS

<u>EXHIBIT</u>	<u>DESCRIPTION</u>
Exhibit JDS-1	DCRF Revenue Requirement

1 I. INTRODUCTION

2 Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION OF
3 EMPLOYMENT.

4 A. My name is J. David Spring, and I am a Regulatory Accounting Case Manager for
5 American Electric Power Service Corporation (AEPSC), a subsidiary of American
6 Electric Power Company, Inc. (AEP). My business address is 212 E. 6th Street, Tulsa,
7 Oklahoma 74119-1295.

8 Q. PLEASE PROVIDE A REVIEW OF YOUR EDUCATIONAL BACKGROUND.

9 A. I graduated from Langston University with a Bachelor in Business Administration in
10 Accounting. I am a licensed CPA in the state of Oklahoma, since 1993.

11 Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE.

12 A. In 1994, I accepted a position with Transok, Inc., a subsidiary of Central and Southwest
13 Corporation (CSW) as a Tax Accountant. My job duties in this capacity were to file
14 all federal income tax returns and approximately thirty state income and franchise tax
15 returns. In 2000, CSW merged with AEP. Since that time, I have held various
16 regulatory tax related positions, until June of 2018. In June 2018, I transferred to the
17 Regulatory Accounting Services department to my current position as Regulatory
18 Accounting Case Manager.

19 As a Regulatory Accounting Case Manager, I am responsible for assisting the
20 Director of Regulatory Accounting Services in providing accounting support for
21 regulatory filings before the various regulatory commissions exercising jurisdiction
22 over the western portion of AEP, including AEP Texas Inc.; Public Service Company
23 of Oklahoma; Electric Transmission Texas; and Southwestern Electric Power

1 Company (SWEPCO or the Company). In addition, I am responsible for the
2 presentation of written and oral testimony before state regulatory commissions.

3 Q. HAVE YOU PREVIOUSLY FILED TESTIMONY?

4 A. Yes, I have filed testimony before the Public Utility Commission of Texas on behalf of
5 SWEPCO in Docket Nos. 39205, 46449, 52389, 54039, 54040, and 55438, and on
6 behalf of AEP Texas in Docket Nos. 50733, 51984, 53451, 54824, and 55187. I have
7 also filed testimony before the Arkansas Public Service Commission on behalf of
8 SWEPCO in Docket No. 09-008-U and the Louisiana Public Service Commission in
9 Docket Nos. U-36169 and U-36174.

10 Q. ON WHOSE BEHALF ARE YOU PROVIDING THIS TESTIMONY?

11 A. I am providing this testimony on behalf of SWEPCO.
12

13 II. PURPOSE AND SUMMARY

14 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

15 A. The purpose of my direct testimony is to support the Company's application for
16 approval of a Distribution Cost Recovery Factor (DCRF) pursuant to Public Utility
17 Regulatory Act (PURA) § 36.210 and 16 Tex. Admin. Code § 25.243(c) (TAC).
18 Specifically, my testimony presents SWEPCO's total company revenue requirement
19 and all supporting schedules and calculations for the period April 1, 2020 to August
20 31, 2023, with the exception of Schedules H and J, required by the Commission's
21 Distribution Cost Recovery Factor Rate Filing Package (DCRF-RFP) instructions.
22 Schedules H and J are sponsored by SWEPCO witness Paul A. McCurtain. In
23 summary, my testimony establishes, in conjunction with the testimony provided by

1 SWEPCO witnesses Bryan K. Blanton and Mr. McCurtain, that this filing complies
2 with PURA § 36.210, 16 TAC § 25.243, and the Commission's DCRF-RFP
3 instructions. I also discuss SWEPCO's proposal to defer recovery of the rate-case
4 expenses associated with this DCRF application.

5 Q. PLEASE SUMMARIZE SWEPCO'S REVENUE REQUIREMENT.

6 A. SWEPCO's unadjusted Texas retail revenue requirement for this filing is \$16,823,430,
7 as shown in Exhibit JDS-1, line 22. As discussed by SWEPCO witness Paul McCurtain,
8 the revenue requirement, after adjusting for load growth in the amount of \$1,218,025,
9 is \$18,041,455. The incremental increase requested in this filing over the revenue
10 requirement approved in Docket No. 54039 is \$6,764,082.¹

11 Q. WHAT DCRF-RFP SCHEDULES ARE YOU SPONSORING?

12 A. I am sponsoring the following DCRF-RFP schedules and the associated supporting
13 workpapers:

Schedule A	Summary of Distribution Cost of Service (DCOS)
Schedule B	Summary of Distribution Rate Base
Schedule B-1	Distribution Plant-Gross
Schedule B-5	Distribution Accumulated Depreciation
Schedule B-7	Distribution Accumulated Deferred Federal Income Taxes (ADFIT)
Schedule E-1	Distribution Depreciation Expense
Schedule E-2	Distribution Taxes Other than Federal Income Taxes
Schedule E-3	Distribution Federal Income Taxes
Schedule E-3.7	Plant-Related Accumulated Deferred Federal Income Tax (ADFIT) Balances

¹ The revenue requirement approved in Docket No. 54039 was \$11,277,373, after adjusting for load growth. *Application of Southwestern Electric Power Company to Amend its Distribution Cost Recovery Factor*, Docket No. 54039, Order at Finding of Fact No. 31 (Apr. 27, 2023).

Schedule E-3.10 Distribution Plant Accumulated Deferred Federal Income Tax (ADFIT) Change

III. REQUIREMENTS OF DCRF APPLICATION

Q. IN REFERENCE TO GENERAL INSTRUCTION NO. 1 OF THE DCRF-RFP, IS THE INFORMATION PROVIDED TAKEN FROM THE COMPANY'S ACCOUNTS AND RECORDS PRESCRIBED IN THE FEDERAL ENERGY REGULATORY COMMISSION (FERC) UNIFORM SYSTEM OF ACCOUNTS (USOFA)?

A. Yes. The information submitted in this filing is taken from the Company's books and records that are maintained in accordance with the FERC USOFA.

Q. IN REFERENCE TO GENERAL INSTRUCTION NO. 2, DOES YOUR TESTIMONY SUPPORT THE REQUIRED SCHEDULES AND WORKPAPERS?

A. Yes. My testimony supports and adopts the required schedules and workpapers of the DCRF-RFP that I sponsor.

Q. IN REFERENCE TO GENERAL INSTRUCTION NO. 2, ARE YOUR SCHEDULES AND WORKPAPERS PROVIDED IN NATIVE ELECTRONIC FORMAT INCLUDING ACTIVE EXCEL WORKBOOKS AND ALL LINKED WORKBOOKS, WITH ALL FORMULAS, CELL REFERENCES, LINKS, ETC. INTACT, FUNCTIONING, AND COMPLETE?

A. Yes, except where Excel data was derived from a non-Excel source and was directly entered into the Excel spreadsheet. Otherwise, all workbooks are “active” as described in General Instruction No. 2.

1 Q. IN REFERENCE TO GENERAL INSTRUCTION NO. 3, ARE THE COSTS AND
2 RETURN CALCULATED IN COMPLIANCE WITH 16 TAC § 25.243?

3 A. Yes. Only the costs and return that are eligible for recovery under 16 TAC § 25.243
4 have been included in the calculation of the Company's proposed DCRF rates.

5 Q. IN REFERENCE TO GENERAL INSTRUCTION NO. 5, HAVE THE SCHEDULES
6 BEEN PREPARED AS NOTED IN THE DCRF-RFP SAMPLE FORMS?

7 A. Yes, with the exception that some schedules may have been modified for Company
8 specifics. Due to the multi-jurisdictional nature of SWEPCO's operations, columns
9 have been added to the schedules to reflect both Total Company and Texas Retail
10 jurisdictional amounts. As previously stated, all schedules and workpapers are
11 provided in native electronic format including active Excel workbooks, with all
12 formulas, cell references, links, etc. intact, functioning, and complete.

13 Q. IN REFERENCE TO GENERAL INSTRUCTION NO. 5, NOTES 1 AND 2, HAVE
14 WORKPAPERS BEEN PROVIDED FOR THE ADDITIONS, RETIREMENTS,
15 AND OTHER ADJUSTMENTS FOR EACH YEAR PER FERC ACCOUNT?

16 A. Yes. Additions, retirements, and other adjustments by year are shown in WP/Schedule
17 B-1 and WP/Schedule B-5.

18 Q. IN REFERENCE TO GENERAL INSTRUCTION NO. 5, HAVE INDIRECT
19 CORPORATE COSTS AND CAPITALIZED OPERATIONS AND
20 MAINTENANCE (O&M) COSTS BEEN INCLUDED IN THE DCRF?

21 A. No. In accordance with 16 TAC § 25.243(b)(3), the requested DCRF revenue
22 requirement does not include indirect corporate costs or capitalized O&M costs. The
23 Company has also excluded any generation-related costs, transmission-related costs,

1 and any distribution invested capital recovered through a separate surcharge, tracker,
2 rider, or other mechanism.

3 Q. IN REFERENCE TO GENERAL INSTRUCTION NO. 5, NOTE 2, HAVE ANY
4 AMOUNTS RECORDED TO NON-DISTRIBUTION ACCOUNTS (FERC 303, 352,
5 353, 391, AND 397) BEEN INCLUDED IN THE DCRF?

6 A. Yes. The Company has included distribution-related amounts recorded in FERC
7 accounts 303-Miscellaneous Intangible Plant, 391-Office Furniture and Equipment,
8 and 397-Communication Equipment, in accordance with 16 TAC § 25.243(b)(3).
9 There are no amounts in FERC accounts 352 or 353 included.

10 Q. HOW WERE THE DISTRIBUTION-RELATED AMOUNTS DETERMINED FOR
11 THESE FERC ACCOUNTS?

12 A. The distribution-related amounts for these FERC accounts were determined in
13 accordance with the general instructions, and in the same manner as the values in the
14 DCRF baseline. These accounts represent intangible plant or general plant that
15 supports all of SWEPCO's functions, including distribution. As such, the DCRF
16 baseline allocated a portion of these accounts to the distribution function. That same
17 allocation methodology was applied to the updated values to obtain the appropriate
18 distribution amount to be included in the DCRF.

19 Q. IN REFERENCE TO GENERAL INSTRUCTION NO. 5, NOTE 3, HAVE
20 WORKPAPERS BEEN PROVIDED TO SUPPORT THE ALLOCATION
21 METHODS USED TO DERIVE THE AMOUNTS INCLUDED IN THE REVENUE
22 REQUIREMENT?

1 A. Yes. The schedule workpapers support allocations used within the calculation of the
2 revenue requirement and are consistent with the calculation of the DCRF baseline
3 amounts.

4 Q. IN REFERENCE TO GENERAL INSTRUCTION NO. 5, NOTE 4, HAS THE
5 COMPANY'S MOST RECENT EARNINGS MONITORING REPORT (EMR),
6 PURSUANT TO 16 TAC § 25.73(b), BEEN PROVIDED?

7 A. Yes. The Company has prepared and attached as Schedule K to its Application the
8 most recent EMR for calendar year ended December 31, 2022, in accordance with
9 16 TAC § 25.73(b). The EMR, any proposed adjustments, updates, and workpapers
10 have been provided in Excel format with all workbooks having all formulas, cell
11 references, links, etc., intact, functioning, and complete.

12 Q. WITH RESPECT TO THE EMR FOR CALENDAR YEAR ENDED DECEMBER 31,
13 2022, IS THE COMPANY EARNING MORE THAN ITS AUTHORIZED RATE OF
14 RETURN USING WEATHER-NORMALIZED DATA, PURSUANT TO 16 TAC
15 § 25.243(e)(4)?

16 A. No. As shown on the attached Schedule K [Schedule III, Column (5), Line 103] the
17 Company has calculated a return on common equity using weather-normalized data of
18 6.48%, which is below the authorized return on common equity of 9.25%.²

² See Docket No. 51415, Order at Finding of Fact 105.

1 Q. IN REFERENCE TO GENERAL INSTRUCTION NO. 6, DO THE AMOUNTS
2 APPROVED IN THE COMPANY'S LAST COMPREHENSIVE BASE-RATE
3 PROCEEDING CORRESPOND TO THE AMOUNTS IN YOUR SPONSORED
4 SCHEDULES OF THE DCRF-RFP?

5 A. Yes. The Company has included Exhibit PM-1 in the direct testimony of Mr.
6 McCurtain, which reflects the distribution amounts approved as part of its last
7 comprehensive base-rate proceeding in Docket No. 51415. This exhibit reflects both
8 total company and Texas retail amounts. The amounts in my sponsored schedules
9 begin with the DCRF baseline.

10 Q. IN REFERENCE TO GENERAL INSTRUCTION NO. 7, HAVE YOU PROVIDED
11 A SCHEDULE THAT SHOWS THE HISTORY OF SWEPCO'S DCRF RATES
12 APPROVED IN PREVIOUS DCRF FILINGS?

13 A. Yes. Workpaper J-4, provided by SWEPCO witness McCurtain, shows the history of
14 DCRF rates approved in previous DCRF dockets.

15

16 IV. CALCULATION OF REVENUE REQUIREMENT

17 Q. PLEASE DESCRIBE THE INCREASE IN DISTRIBUTION RATE BASE ON
18 SCHEDULE B OF THE DCRF-RFP.

19 A. 16 TAC § 25.243(b)(3) describes distribution invested capital as distribution plant,
20 distribution-related intangible plant, and distribution-related communication
21 equipment and networks properly recorded in FERC accounts
22 303, 352, 353, 360-374, 391, and 397. Net distribution invested capital is then derived
23 by subtracting associated accumulated reserves and adjusting for distribution-related

1 accumulated deferred federal income taxes. Both Exhibit JDS-1, line 8, and Schedule
2 B, line 12, show an increase in net Texas Retail distribution invested capital of
3 \$132,198,808, which was calculated by taking the difference between the calculated
4 Texas retail distribution rate base at August 31, 2023, and the amount included in the
5 DCRF baseline.

6 Q. HAS SWEPCO INCLUDED ANY AFFILIATE COSTS IN PLANT ADDITIONS
7 REFLECTED IN THE DCRF FILING PACKAGE?

8 A. Yes. Some costs are billed to SWEPCO from AEPSC.

9 Q. DO THE AFFILIATE COSTS INCLUDED IN SWEPCO'S PLANT ADDITIONS
10 COMPLY WITH APPLICABLE AFFILIATE STANDARDS IN TEXAS STATUTES
11 AND RULES?

12 A. Yes, they do. The costs, which include only actual affiliate costs, were not higher than
13 the prices charged by the supplying affiliate to its other affiliates or to unaffiliated
14 persons or corporations for the same item or class of items. These costs are of the same
15 type that were reviewed and approved in Docket No. 51415 and the same procedures
16 for affiliate costs were also in place in this docket.

17 Q. HAS THE COMPANY MADE ANY ADJUSTMENTS TO THE AUGUST 31, 2023
18 PLANT IN SERVICE OR ACCUMULATED DEPRECIATION BALANCES?

19 A. Yes, it has. Because of the multi-jurisdictional nature of SWEPCO's operations, the
20 allowance for funds used during construction (AFUDC), and depreciation expense
21 recorded by SWEPCO are based on a composite methodology that reflects the rates
22 approved by the Commission, the Louisiana Public Service Commission, and the
23 Arkansas Public Service Commission. Consistent with the base-line amounts,

1 adjustments were made to plant in service for AFUDC jurisdictional differences and
2 accumulated depreciation for jurisdictional depreciation rate differences. The
3 adjustments included in Docket No. 51415 were rolled forward to August 31, 2023,
4 recognizing the Commission-approved return on equity and depreciation rates from
5 Docket No. 51415.

6 Q. HAS SWEPCO MADE ANY ADJUSTMENTS TO REMOVE THE TEXAS
7 ADVANCED METERING SYSTEM (AMS) ASSETS CURRENTLY RECOVERED
8 IN AN AMS RIDER?³

9 A. Yes, SWEPCO has removed from Texas retail net plant in service \$25,939,859
10 (\$27,739,937 plant in service less \$1,800,078 accumulated depreciation). No amounts
11 are included in this filing that will be included in the AMS rider.

Texas Retail Net Plant in Service			
Acct 370	\$27,571,980	(\$1,800,078)	\$25,771,902
Acct 397	167,957	0	167,957
Total	\$27,739,937	(\$1,800,078)	\$25,939,859

12 Q. HAS SWEPCO UPDATED ACCUMULATED DEFERRED INCOME TAXES?

13 A. Yes, accumulated deferred income taxes (ADIT) have been updated using August 31,
14 2023, balances for distribution plant items. In determining the distribution plant
15 amount, SWEPCO followed the methodology utilized in Docket No. 51415. Simply
16 put, the total company Docket No. 51415 approved ADIT amounts were replaced with

³ See Compliance Filing of Southwestern Electric Power Company for Authority to Update its Advanced Metering System (AMS) Surcharge, Docket No. 54594, Notice of Approval (May 25, 2023).

1 August 31, 2023, balances and the resulting calculated distribution plant functional
2 ADIT amount is the updated value.

3 Q. WHAT RATE OF RETURN WAS APPLIED TO THE INCREASE IN THE
4 COMPANY'S DISTRIBUTION RATE BASE ON SCHEDULE B?

5 A. The after-tax rate of return per 16 TAC § 25.243(d) is 6.69%, the value approved in
6 Docket No. 51415.⁴

7 Q. HOW WAS THE RETURN ON INCREMENTAL RATE BASE CALCULATED ON
8 SCHEDULE B?

9 A. The incremental increase in distribution rate base was multiplied by the 6.69%
10 approved in Docket No. 51415 to determine the incremental return on Texas retail
11 distribution rate base shown on Schedule B, line 14, of \$8,844,100, also shown on line
12 12 of Exhibit JDS-1.

13 Q. PLEASE DESCRIBE THE INCREMENTAL INCREASE IN DISTRIBUTION COST
14 OF SERVICE SHOWN ON SCHEDULE A.

15 A. The Company followed the DCRF formula outlined in 16 TAC § 25.243(d)(1) in
16 calculating the distribution cost of service on Schedule A. Therefore, the following
17 costs are included in the Company's distribution cost of service on Schedule A:

- 18 • Depreciation expense, as related to gross distribution invested capital;
- 19 • Federal income tax, as related to net distribution invested capital; and
- 20 • Other taxes, as related to net distribution invested capital and exclusive of
21 municipal franchise fees.

22 The incremental values of these allowable expenses are then combined with the
23 incremental return on distribution rate base, from Schedule B, resulting in the

⁴ See Docket No. 51415, Order at Finding of Fact 105.

1 Company's unadjusted incremental Texas retail distribution revenue requirement of
2 \$16,823,430.

3 Q. PLEASE DISCUSS THE INCREMENTAL DEPRECIATION EXPENSE
4 INCLUDED IN THE COMPANY'S DCRF-RFP.

5 A. The incremental depreciation expense is calculated on Schedule E-1. The depreciation
6 rates approved in Docket No. 51415 are shown in columns (5) and (12). These rates
7 are applied to the incremental increase in gross plant in service attributable to the
8 additions in distribution capital.

9 Q. PLEASE DISCUSS THE CALCULATION OF PROPERTY TAXES IN THE
10 COMPANY'S DCRF-RFP.

11 A. The property tax attributable to distribution investment was determined by taking the
12 amount of property tax functionalized to distribution in Docket No. 51415 and adding
13 to it the increase in property tax attributable to the net distribution plant additions from
14 April 1, 2020 to August 31, 2023. The computed incremental distribution property tax
15 is added to the property tax functionalized to distribution in Docket No. 51415 for the
16 total distribution property tax presented on Schedule E-2. This increase was calculated
17 by applying a net plant factor to the net plant additions on WP/Schedule E-2.

18 Q. HOW DOES SWEPCO CALCULATE THE INCREASE IN TOTAL COMPANY
19 GROSS MARGIN TAXES?

20 A. SWEPCO follows the methodology used in Docket No. 51415. The total company
21 gross margin tax expense from Docket No. 51415 was divided by the adjusted revenue
22 requirement (adjusted for cost of goods sold), which results in a gross margin tax rate
23 per dollar of revenue requirement. This rate from Docket No. 51415 is applied to the

1 total increase in the distribution revenue requirement to determine the update to gross
2 margin tax expense as illustrated in WP/Schedule E-2 and presented in Schedule E-2.

3 Q. PLEASE DISCUSS THE INCREASE IN INCOME TAXES RESULTING FROM
4 THE NEW DISTRIBUTION PROJECTS INCLUDED IN THE COMPANY'S
5 DCRF-RFP.

6 A. Federal income tax expense increased due to the increase in the return on rate base
7 resulting from the addition of the new distribution facilities. The synchronized interest
8 deduction is related to the increased rate base and was increased proportionally.
9 Schedule E-3 contains the calculation of the change in synchronized interest. All other
10 components of the distribution federal income tax calculation are left unchanged from
11 the DCRF baseline.

12 Q. HAS SWEPCO INCLUDED ANY O&M EXPENDITURE AS DISTRIBUTION
13 INVESTED CAPITAL BECAUSE OF A CHANGE IN THE UTILITY'S
14 ACCOUNTING RULES OR PRACTICES SINCE THE TEST YEAR IN DOCKET
15 NO. 51415?

16 A. No, SWEPCO has not changed the way that it accounts for O&M expenditures to
17 increase recovery through its DCRF.

1 V. RECOVERY OF RATE-CASE EXPENSES

2 Q. WHAT IS SWEPCO'S RECOMMENDATION REGARDING RATE-CASE
3 EXPENSES INCURRED BY SWEPCO TO PROCESS THIS CASE?

4 A. SWEPCO proposes that the incremental rate-case expenses incurred by SWEPCO,
5 including those paid to reimburse participating municipalities in this proceeding, be
6 recorded as a regulatory asset and deferred for consideration in a future proceeding.
7

8 VI. CONCLUSION

9 Q. PLEASE SUMMARIZE YOUR DIRECT TESTIMONY.

10 A. My direct testimony supports the DCRF-RFP schedules and corresponding workpapers
11 I sponsor. My sponsored DCRF-RFP schedules have been calculated in accordance
12 with 16 TAC § 25.243 and the DCRF Rate Filing Package Instructions. For these
13 reasons, I recommend that the Commission approve the Company's revenue
14 requirement as shown on Schedule A: Summary of Distribution Cost of Service.

15 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

16 A. Yes, it does.

**Southwestern Electric Power Company
DCRF Revenue Requirement Calculation
For the Period April 1, 2020 through August 31, 2023**

Line No.	(A) Component	(B)	(C)	(D)	(E)	(F)	(G)
		Total Company Distribution Amount Included in			Texas Retail Distribution Amount Included in		
		Total Company	Base Rate Order Dkt No. 51415	Net Change (B - C)	Texas Retail	Base Rate Order Dkt No. 51415	Net Change (E - F)
1	DIC:						
2	Distribution Plant in Service	\$2,928,972,212	\$ 2,403,844,371	\$ 525,127,841	\$ 996,501,830	\$ 837,215,355	\$159,286,475
3	Accumulated Depreciation	(915,777,103)	(879,798,826)	\$ (35,978,278)	(293,294,327)	(290,530,847)	(2,763,479)
4	Net Plant in Service	\$2,013,195,109	\$ 1,524,045,545	\$ 489,149,564	\$ 703,207,503	\$ 546,684,508	\$156,522,996
5							
6	Accumulated Deferred Taxes	(441,573,956)	(372,829,826)	\$ (68,744,130)	(156,245,018)	(131,920,830)	(24,324,188)
7		-915777103.1					
8	Total DIC	\$1,571,621,153	\$ 1,151,215,719	\$ 420,405,434	\$ 546,962,485	\$ 414,763,677	\$132,198,808
9							
10	Rate of Return	6.69%	6.69%	6.69%	6.69%	6.69%	6.69%
11							
12	Return on DIC	\$ 105,141,455	\$ 77,016,332	\$ 28,125,124	\$ 36,591,790	\$ 27,747,690	\$ 8,844,100
13							
14							
15							
16	Investment-Related Expenses:						
17	Depreciation Expense	\$ 108,950,879	\$ 90,813,075	\$ 18,137,804	\$ 29,257,695	\$ 24,447,267	\$ 4,810,429
18	Other Associated Taxes	68,223,873	63,331,163	4,892,710	7,026,157	\$ 5,464,543	1,561,614
19	Income Tax Expense - Note 1	9,326,695	4,215,362	5,111,333	5,753,340	\$ 4,146,053	1,607,287
20	Total Investment-Related Expenses	\$ 186,501,447	\$ 158,359,600	\$ 28,141,847	\$ 42,037,193	\$ 34,057,863	\$ 7,979,330
21							
22	DISTREV (line 12 + line 20)	\$ 291,642,902	\$ 235,375,932	\$ 56,266,970	\$ 78,628,983	\$ 61,805,553	\$ 16,823,430

Note (1): Income Tax Expense is calculated for the Texas Retail Distribution Function.



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E-Signature Summary

E-Signature 1: J David Spring (JDS)

October 25, 2023 13:07:01 -8:00 [804597A3866C] [161.235.221.104]
 jdspring@aep.com (Principal) (Personally Known)

E-Signature Notary: Ashley Price (AP)

October 25, 2023 13:07:01 -8:00 [2718DD61B1A2] [68.206.86.8]
 amprice@aep.com

I, Ashley Price, did witness the participants named above electronically sign this document.



STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

AFFIDAVIT OF J. DAVID SPRING

BEFORE ME, the undersigned authority, on this day personally appeared J. David Spring, who being by me first duly sworn, on oath, deposed and said the following:

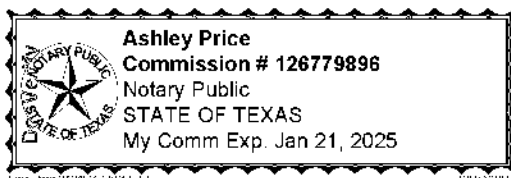
1. My name is J. David Spring, I am of sound mind and capable of making this affidavit. The facts stated herein are correct based on my personal knowledge.
2. I am a Regulatory Accounting Case Manager for American Electric Power Service Corporation. I am testifying on behalf of the applicant in this proceeding, Southwestern Electric Power Company ("SWEPCO").
3. SWEPCO has prepared an application for authority from the Public Utility Commission of Texas to implement a distribution cost recovery factor (the "Application").
4. The Application complies with SWEPCO's tariff and 16 Texas Admin. Code § 25.243.
5. The distribution invested capital in the Application includes only costs for plant that has been placed into service; that comply with PURA, including § 36.053 and § 36.058; and that are prudent, reasonable, and necessary.
6. The Application is true and correct to the best of my knowledge, information, and belief.

Further affiant sayeth not.

J David Spring

J. David Spring

SUBSCRIBED AND SWORN TO BEFORE ME on this 25th day of October, 2023.



Ashley Price
Notary Public

Notarial act performed by audio-visual communication

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PUC DOCKET NO. 55629
PUBLIC UTILITY COMMISSION OF TEXAS

APPLICATION OF
SOUTHWESTERN ELECTRIC POWER COMPANY
TO AMEND ITS DISTRIBUTION COST RECOVERY FACTOR

DIRECT TESTIMONY OF
PAUL A. MCCURTAIN
FOR
SOUTHWESTERN ELECTRIC POWER COMPANY

OCTOBER 2023

TESTIMONY INDEX

<u>SECTION</u>	<u>PAGE</u>
I. INTRODUCTION	1
II. PURPOSE OF TESTIMONY	2
III. BACKGROUND OF RIDER DCRF	4
IV. DCRF ADJUSTMENTS.....	5
V. DEVELOPMENT OF RIDER DCRF RATES.....	9

EXHIBITS

<u>EXHIBIT</u>	<u>DESCRIPTION</u>
Exhibit PM-1	DCRF Baseline and Class Distribution Allocation Factors from Docket No. 53046
Exhibit PM-2	Rider DCRF Tariff, Docket No. 54039
Exhibit PM-3	Interruptible and Standby DCRF Rate Calculation
Exhibit PM-4	Revised Rider DCRF (including unmarked copy)

1 I. INTRODUCTION

2 Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.

3 A. My name is Paul A. McCurtain. I am employed as a Senior Regulatory Consultant in
4 the Regulated Pricing and Analysis Department of American Electric Power Service
5 Corporation (AEPSC). AEPSC is a subsidiary of American Electric Power Company,
6 Inc. (AEP) that provides corporate support services to the operating subsidiaries of
7 AEP, including Southwestern Electric Power Company (SWEPCO or the Company).
8 My business address is 212 East Sixth Street, Tulsa, Oklahoma 74119.

9 Q. PLEASE DESCRIBE THE REGULATED PRICING ANALYSIS DEPARTMENT
10 AND YOUR CURRENT JOB RESPONSIBILITIES.

11 A. Regulated Pricing and Analysis provides tariff-related services to the AEP operating
12 utility companies, including SWEPCO. As a Senior Regulatory Consultant in the
13 Regulated Pricing and Analysis Department, my job duties include providing cost of
14 service and pricing analysis, rate review analysis, testimony, and regulatory
15 compliance services for the AEP West operating companies.

16 Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL
17 BACKGROUND.

18 A. I received a Bachelor's degree in 2012 from Northeastern State University and a M.S.
19 in Operations Management with an emphasis in Finance in 2013 from the University
20 of Arkansas. In addition to graduate courses, I have attended workshops sponsored by
21 New Mexico State University's Center for Public Utilities that include the Basics of
22 Regulation and Pricing Workshops, and Edison Electric Institute's Electric Rate
23 Advanced Course.

1 In 2018, I began employment with AEP as a Transmission Project Cost Analyst.
2 In 2020, I accepted the position of Regulatory Consultant with AEPSC. In April 2022,
3 I was promoted to a Senior Regulatory Consultant.

4 Q. HAVE YOU PREVIOUSLY FILED TESTIMONY?

5 A. Yes. I testified in SWEPCO's previous Distribution Cost Recovery Factor (DCRF)
6 filing, approved by the Public Utility Commission of Texas (Commission) in Docket
7 No. 54039.¹

8

9 II. PURPOSE OF TESTIMONY

10 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

11 A. 16 Tex. Admin. Code § 25.243 (TAC) provides for a cost recovery factor to allow a
12 utility to recover distribution investment related costs provided by the formula in the
13 rule. The purpose of my testimony is to: (1) support the calculation of SWEPCO's
14 DCRF rates; and (2) support the revised tariff, Rider DCRF, accompanying this filing.

15 Q. WHAT RELIEF IS THE COMPANY REQUESTING IN THIS FILING?

16 A. The Company requests approval of Rider DCRF to include the revenue requirement of
17 \$18,041,455 pursuant to 16 TAC § 25.243. This amount represents a \$6,764,082
18 increase over the amount approved by the Commission in SWEPCO's prior DCRF
19 proceeding, Docket No. 54039.

20 Q. WHAT EXHIBITS DO YOU SPONSOR?

21 A. I sponsor Exhibits PM-1 through PM-4 listed in the testimony index.

¹ *Application of Southwestern Electric Power Company to Amend its Distribution Cost Recovery Factor*, Docket No. 54039, Order (Apr. 27, 2023).

1 Q. WHAT SCHEDULES DO YOU SPONSOR?

2 A. I sponsor Schedules H and J in the DCRF Filing Instructions including the supporting
3 workpapers shown below:

4 DCRF SCHEDULES AND WORKPAPERS

5
6 SCHEDULE H Summary of Historic Year Billing Determinants (Distribution Sales
7 and Customer Data)

8 WP H-1 Billing Determinants, Docket No. 51415

9 WP H-2 DCRF Billing Determinants

10 WP H-3 August 2023 Test Year-end Customer and Weather Adjustment

11 WP H-4 Weather Adjustment Data

12

13 SCHEDULE J Rate Design (Summary of Distribution Cost Recovery Factor)

14 WP J-1 Unadjusted DCRF Revenue Requirement by Rate Class

15 WP J-2 Distribution Revenue Growth by Rate Class

16 WP J-3 DCRF Baseline Revenue by Rate Class, Docket No. 53046

17 WP J-4 History of DCRF Charges

18 Q. HAVE YOUR SCHEDULES BEEN PREPARED ACCORDING TO THE DCRF
19 FILING INSTRUCTIONS?

20 A. Yes, they have.

21 Q. PLEASE SUMMARIZE YOUR CONCLUSIONS.

22 A. SWEPCO's requested annual revenue requirement to be recovered through Rider
23 DCRF has been calculated and adjusted for load growth pursuant to the formula set
24 forth in 16 TAC § 25.243(d). In addition, the revenue requirement has been allocated
25 to rate classes using the class distribution allocation factors approved in Docket
26 No. 53046, the compliance docket for SWEPCO's most recent base rate case (Docket
27 No. 51415).² The proposed DCRF rates are calculated using applicable test year-end

² See *Compliance Filing for Docket No. 51415 (Application of Southwestern Electric Power Company for Authority to Change Rates)*, Docket No. 53046, Order (Aug. 4, 2022); *Application of Southwestern Electric Power Company for Authority to Change Rates*, Docket No. 51415, Order (Jan. 14, 2022).

1 billing determinants (kWh or kW depending on rate class), adjusted for customer
2 growth and weather as required under 16 TAC § 25.243(d). In sum, the requested
3 DCRF rates have been calculated consistent with 16 TAC § 25.243 and the
4 Commission's DCRF Rate Filing Package Instructions.

5

6 III. BACKGROUND OF RIDER DCRF

7 Q. PLEASE DESCRIBE THE BACKGROUND OF SWEPCO'S RIDER DCRF.

8 A. Rider DCRF provides for recovery of eligible distribution costs pursuant to 16 TAC
9 § 25.243. 16 TAC § 25.243 implements Public Utility Regulatory Act (PURA)
10 § 36.210, which allows a utility to recover incremental distribution related costs
11 accumulated since its most recent base rate case as prescribed by the formula contained
12 in the rule.

13 In SWEPCO's most recent base rate case in Docket No. 51415, the costs
14 previously recovered in Rider DCRF were included in SWEPCO's base revenue
15 requirement and SWEPCO's DCRF factors were again set to zero. In addition, in
16 accordance with Ordering Paragraph No. 9 of the Commission's order in Docket
17 No. 51415, new DCRF baseline values were developed and approved in Docket
18 No. 53046, the compliance docket for Docket No. 51415. Exhibit PM-1 includes the
19 distribution class allocation factors and DCRF baseline values approved in Docket
20 No. 53046. Subsequently, in Docket No. 54039, the Commission approved
21 SWEPCO's request to amend its Rider DCRF. SWEPCO's amended Rider DCRF rates
22 went into effect on an interim basis on December 30, 2022.

1 Q. PLEASE DESCRIBE RIDER DCRF.

2 A. The current Rider DCRF approved in Docket No. 54039 is provided as Exhibit PM-2
3 to my testimony. There are 15 rate classes in the rider. DCRF rates are applied to kWh
4 usage or demand (kW) depending on the rate class.

5 Q. WHY IS SWEPCO REQUESTING APPROVAL OF DCRF RATES?

6 A. SWEPCO's DCRF rates requested in the current filing reflect additions and retirements
7 of distribution investment and associated costs since the end of the test year in
8 SWEPCO's most recent base rate case in Docket No. 51415 through August 31, 2023,
9 adjusted for customer load growth, as allowed under 16 TAC § 25.243.

10

11 IV. DCRF ADJUSTMENTS

12 Q. WHAT IS THE ADJUSTED REVENUE REQUIREMENT SWEPCO IS
13 REQUESTING TO RECOVER THROUGH RIDER DCRF?

14 A. SWEPCO is requesting an annual DCRF revenue requirement of \$18,041,455, as
15 shown in Schedule J, to be recovered through Rider DCRF. This reflects a \$6,764,082
16 increase over the amount approved by the Commission in SWEPCO's prior DCRF
17 proceeding, Docket No. 54039. The amount is determined by adding the load growth
18 adjustment of \$1,218,025 to the \$16,823,430 unadjusted DCRF revenue requirement
19 calculated by SWEPCO witness J. David Spring in Schedule A.

1 Q. PLEASE EXPLAIN THE LOAD GROWTH ADJUSTMENT CONTAINED IN THE
2 DCRF FORMULA.

3 A. 16 TAC § 25.243(d) requires SWEPCO's unadjusted DCRF revenue requirement of
4 \$16,823,430 to be adjusted for load growth since SWEPCO's most recent base rate
5 case. Load growth is determined by the change in billing determinants from Docket
6 No. 51415 (test year ending March 31, 2020) to the current DCRF test year ending
7 August 31, 2023 shown in Schedule H. The load growth adjustment percentages
8 calculated in Schedule H are applied to the \$61,805,553 adjusted baseline distribution
9 revenue, approved in Docket No. 53046, which results in the total load growth amount
10 of \$1,218,025. In SWEPCO's case, because the total load growth adjustment reflects
11 negative growth, the DCRF revenue requirement is increased to \$18,041,455 in
12 Schedule J.

13 Q. WHAT IS DRIVING THE NEGATIVE LOAD GROWTH ADJUSTMENT?

14 A. Large classes such as Residential Service and Lighting and Power Secondary Service
15 show a decline in usage, which is a primary driver of the overall load growth
16 adjustment.

17 Q. WHAT IS DRIVING THE DECLINE IN ADJUSTED USAGE FOR CLASSES
18 SUCH AS RESIDENTIAL SERVICE?

19 A. The main adjustment driving the decline in usage for the Residential class is the
20 weather adjustment. The weather adjustment, calculated by AEP's economic
21 forecasting group, shows a negative impact on the usage for the test year used in this
22 filing. The DCRF test year was hotter than normal based on a 10-year average. The
23 weather adjustment normalizes the usage, which in this case, resulted in a negative

1 impact to account for the effects of the hotter weather. It is important to note that, even
2 without the weather adjustment, Residential usage is down when compared to the
3 billing units from SWEPCO's most recent base case. Usage per residential customer
4 has been on a decline for the last couple of years, which can be attributed to
5 advancements in energy technology (smart thermostats) and increased customer
6 knowledge of energy use (e.g., energy efficiency programs and rate options).

7 Q. WHAT IS THE DCRF FORMULA CONTAINED IN 16 TAC § 25.243 AND RIDER
8 DCRF?

9 A. The DCRF formula is as follows:

10
$$[(DIC_C - DIC_{RC}) * ROR_{AT}) + (DEPR_C - DEPR_{RC}) + (FIT_C - FIT_{RC}) + (OT_C -$$

11
$$OT_{RC}) - \sum (DISTREV_{RC-CLASS} * \%GROWTH_{CLASS})] * ALLOC_{CLASS} / BD_{C-CLASS}$$

12 Q. WHAT PART OF THE DCRF FORMULA IS REFLECTED IN THE
13 CALCULATIONS IN SCHEDULES H AND J?

14 A. Schedules H and J include calculations representing the part of the formula that begins
15 at the summation sign (\sum) through the end of the formula. SWEPCO witness Spring
16 sponsors schedules related to the preceding part of the formula.

17 Q. PLEASE SUMMARIZE THE CALCULATIONS INCLUDED IN SCHEDULE H.

18 A. Schedule H contains current test year-end August 2023 billing determinants for each
19 rate class ($BD_{C-CLASS}$ in the DCRF formula), adjusted for normal weather and customer
20 growth, and used as the denominator to calculate the DCRF rates. Schedule H also
21 contains billing determinants from Docket No. 51415 that are used to calculate the load
22 growth percentage for each rate class from 2020 to 2023 ($\%GROWTH_{CLASS}$ in the
23 formula).

1 Q. ARE THE TEST YEAR-END AUGUST 2023 BILLING DETERMINANTS IN
2 SCHEDULE H WEATHER NORMALIZED CONSISTENT WITH 16 TAC
3 § 25.243(B)(5) AND (D) FOR THE MOST RECENT TEN CALENDAR YEARS?

4 A. Yes, they are. The test-year end August 2023 billing determinants in Schedule H are
5 adjusted using normal weather data for the most recent ten calendar years, which is
6 consistent with the rule and is the same type of adjustment made to billing determinants
7 in Docket No. 51415. Additional information regarding weather adjustments is
8 provided in Schedule K by SWEPCO witness Spring, the 2022 Texas Earnings
9 Monitoring Report for SWEPCO as filed in Commission Project No. 54451.

10 Q. HAS AN ADJUSTMENT BEEN MADE TO TEST YEAR-END AUGUST 2023
11 BILLING DETERMINANTS IN SCHEDULE H BASED ON THE NUMBER OF
12 CUSTOMERS AT TEST YEAR END?

13 A. Yes, it has. For each rate class, the number of customers is adjusted each month based
14 on the number of customers at year-end August 31, 2023, and the corresponding
15 customer adjustment factor is applied to monthly kWh usage or kW demands. Rate
16 classes with a small number of customers are adjusted if needed on an individual
17 customer basis. The adjustments are reflected in Schedule H and are done in a similar
18 manner as in a base rate case.

V. DEVELOPMENT OF RIDER DCRF RATES

Q. HOW ARE THE DCRF RATES CALCULATED IN SCHEDULE J?

A. The unadjusted DCRF revenue requirement of \$16,823,430 is assigned to rate classes in Schedule J using the class distribution allocation factors ($ALLOC_{CLASS}$ in the DCRF formula) from Docket No. 53046. The load growth adjustment ($DISTREV_{RC-CLASS} * \%GROWTH_{CLASS}$ in the formula) of \$1,218,025 increases the total revenue requirement to \$18,041,455. The DCRF rates are calculated by dividing the adjusted DCRF revenue requirement for each rate class by the year-end August 2023 billing units for each rate class, adjusted for weather and customer growth ($BD_{C-CLASS}$ in the formula). The DCRF rates will be applied to each month's billed kWh or kW of each retail customer as stated in Rider DCRF. Additional rates for interruptible and standby customers are included in a separate calculation in Exhibit PM-3.

Q. WHAT ARE THE DCRF RATES?

A. The DCRF rates per billing unit are shown in Table PM-1 below:

Table PM-1

DCRF Rate Class	DCRF Rates	Billing Unit
Residential Service	\$0.003908	per kWh
General Service	\$0.005394	per kWh
Lighting & Power Service Secondary	\$0.896222	per Billing kW
Lighting & Power Service Primary	\$0.490014	per Billing kW
Electric Furnace Service Secondary	\$0.878068	per Billing kW
Electric Furnace Service Primary	\$0.499847	per Billing kW
Cotton Gin Service	\$0.018944	per kWh
Oilfield Service	\$0.600335	per Billing kW
Metal Melting Service - Secondary	\$0.878068	per Billing kW
Metal Melting Service - Primary	\$0.499847	per Billing kW
Metal Melting Service – Transmission	\$0.002569	per Billing kW
LLP Primary	\$0.143952	per Billing kW
LLP Transmission	\$0.002262	per Billing kW
Municipal	\$0.002680	per kWh
Lighting	\$0.012105	per kWh

1 Q. HAVE YOU PROVIDED THE REVISED TARIFF REFLECTING DCRF RATES?

2 A. Yes. Exhibit PM-4 contains revised Rider DCRF with DCRF rates, including an
3 unmarked copy of the rider.

4 Q. DOES SWEPCO PROVIDE A HISTORY OF DCRF RATES AND CHARGES IN
5 COMPLIANCE WITH NO. 7 OF THE DCRF FILING INSTRUCTIONS?

6 A. Yes, a history of DCRF rates is contained in Workpaper J-4 to Schedule J.

7 Q. WHAT IS THE TOTAL BILL IMPACT OF RIDER DCRF FOR A RESIDENTIAL
8 CUSTOMER USING 1,000 KWH?

9 A. The monthly bill impact of Rider DCRF for a Residential customer using 1,000 kWh
10 per month is a total of \$3.91 or an increment of \$1.40.

11 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

12 A. Yes, it does.

SOUTHWESTERN ELECTRIC POWER COMPANY
Distribution Cost Recovery Factor (DCRF)
Baseline Values
Docket No. 51415 (Compliance No. 53046)
For the Test Year Ended March 31, 2020

Line No.	(A) Component	(B) Total Company Distribution Function	(C) Texas Retail Distribution Function	(D) Texas Retail Amount Included in SWEPCO Base Rate Order	(E) Net Change Not Included In Base Rate Order (C - D)
1	DIC				
2	Distribution Plant in Service	\$2,403,844,371	\$837,215,355	\$837,215,355	\$0
3	Accumulated Depreciation & Amortization	(879,798,826)	(290,530,847)	(290,530,847)	0
4	Net Plant in Service (DIC)	\$1,524,045,545	\$546,684,508	\$546,684,508	\$0
5					
6	Accumulated Deferred Taxes	(372,829,826)	(131,920,830)	(131,920,830)	0
7					
10	Total DIC	\$1,151,215,719	\$414,763,677	\$414,763,677	\$0
11					
12	Rate of Return	6.69%	6.69%	6.69%	
13					
14	Return on DIC	\$77,016,332	\$27,747,690	\$27,747,690	\$0
15					
16					
17	Depreciation & Amortization Expense (DEPR)	\$90,813,075	\$24,447,267	\$24,447,267	\$0
18	Other Associated Taxes (OT)	63,331,163	5,464,543	5,464,543	0
19	Income Tax Expense (FIT) - Note 1	4,215,362	4,146,053	4,146,053	0
20					
21	DISTREV (line 12 + line 21)	\$235,375,932	\$61,805,553	\$61,805,553	\$0
22					
23					
24	Note 1: Income Tax Expense is calculated for the Texas Retail Distribution Function.				
25					
26					
27		NET DIC	Allocation Factor	DISTREV	Billing Determinant (BD)
28	Residential	247,177,606	45.2139%	27,918,392	2,165,609,056 kWh
29	General Service	47,061,482	8.6085%	5,299,817	271,931,689 kWh
30	Lighting and Power - Secondary	172,098,186	31.4803%	19,450,327	6,531,225 kWh
31	Lighting and Power - Primary	22,017,990	4.0275%	2,498,393	1,370,803 kWh
32	Cotton Gin Service	1,876,237	0.3432%	236,602	4,565,380 kWh
33	Oilfield Service	14,611,033	2.6727%	1,657,390	805,924 kW
34	Metal Melting Service - Secondary	683,043	0.1249%	78,879	24,392 kW
35	Metal Melting Service - Primary	2,947,467	0.5392%	312,929	194,231 kW
36	Metal Melting Service - Transmission	20,474	0.0037%	5,099	220,660 kW
37	Large Light and Power - Primary	2,157,645	0.3947%	244,292	358,160 kW
38	Large Light and Power - Transmission	119,818	0.0219%	13,914	1,433,918 kWh
39	Municipal	7,095,111	1.2978%	794,017	86,970,515 kWh
40	Lighting (All)	28,818,417	5.2715%	3,295,502	83,177,602 kWh
41	Total	546,684,508	100.0000%	61,805,553	2,623,193,556

SOUTHWESTERN ELECTRIC POWER COMPANY

Tariff Manual - Public Utility Commission of Texas

Section Title: Rates, Charges, and Fees

Section No: IV

Applicable: All Areas

Docket No: 54039

Sheet No: IV-62

Effective Date: April 27, 2023

Revision: 4

Page 1 of 4

DISTRIBUTION COST RECOVERY FACTOR (DCRF) – RIDER DCRF**APPLICABILITY**

Each Retail Customer connected to the Company's distribution system will be assessed a distribution service charge adjustment pursuant to this rider. The charges derived herein are pursuant to the requirements of PUC SUBST. R. 25.243, subsection (d).

MONTHLY RATE

The Retail Customer, will be assessed this Distribution Cost Recovery Factor (DCRF) based on the monthly per-unit cost (DCRF factor) multiplied times the Retail Customer's appropriate monthly billing determinant (kilowatt-hour, kilowatt, or kilovolt-ampere).

<u>Rate Class</u>	<u>DCRF Factors</u>	<u>Billing Units</u>
Residential Service	\$0.002411	per kWh
General Service	\$0.003527	per kWh
Lighting & Power Service Sec	\$0.569399	per Billing kW
Lighting & Power Service Pri/Trans	\$0.306720	per Billing kW
Electric Furnace Service Secondary	\$0.533249	per Billing kW
Electric Furnace Service Primary	\$0.310525	per Billing kW
Cotton Gin Service	\$0.006454	per kWh
Oilfield Service	\$0.458609	per Billing kW
Metal Melting Service - Sec	\$0.533249	per Billing kW
Metal Melting Service – Pri	\$0.310525	per Billing kW
Metal Melting Service - Trans	\$0.001384	per Billing kW
LLP Primary	\$0.084425	per Billing kW
LLP Transmission	\$0.001503	per Billing kW
Municipal	\$0.001726	per kWh
Lighting	\$0.007248	per kWh

SOUTHWESTERN ELECTRIC POWER COMPANY

Tariff Manual - Public Utility Commission of Texas

Section Title: Rates, Charges, and Fees

Section No: 1V

Applicable: All Areas

Docket No: 54039

Sheet No: IV-62

Effective Date: April 27, 2023

Revision: 4

Page 2 of 4

DISTRIBUTION COST RECOVERY FACTOR (DCRF) – RIDER DCRF

Rates/riders not listed will be billed the factor applicable to the appropriate background tariff. For customer classes billed primarily on the basis of kilowatt-hour billing determinants, the DCRF shall be calculated using kilowatt-hour billing determinants. For customer classes billed primarily on the basis of demand billing determinants, the DCRF shall be calculated using demand billing determinants.

SOUTHWESTERN ELECTRIC POWER COMPANY

Tariff Manual - Public Utility Commission of Texas

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Docket No: 54039

Sheet No: IV-62

Effective Date: April 27, 2023

Revision: 4

Page 3 of 4

DISTRIBUTION COST RECOVERY FACTOR (DCRF) – RIDER DCRF**Supplementary, Backup, Maintenance and As-Available Standby Power Service*****Class I*****Backup Power Charge**

Monthly Rate -- Primary	\$0.016653	per kW per day -- minimum of 6 days per request
Monthly Rate -- Secondary	\$0.034370	per kW per day -- minimum of 7 days per request
Monthly Rate -- Primary	\$0.099924	per kW in excess of greater of Maint kW or Backup kW furnished during the month
Monthly Rate -- Secondary	\$0.239157	per kW in excess of greater of Maint kW or Backup kW furnished during the month

Maintenance Power Charge

Monthly Rate -- Primary	\$0.008321	per kW per day -- minimum of 12 days per request
Monthly Rate -- Secondary	\$0.017226	per kW per day -- minimum of 14 days per request
Monthly Rate -- Primary	\$0.049962	per kW in excess of greater of Maint kW or Backup kW furnished during the month
Monthly Rate -- Secondary	\$0.119803	per kW in excess of greater of Maint kW or Backup kW furnished during the month

As-Available Standby Power Charge

Monthly kW Rate -- Primary	\$0.075108	per kW
Monthly kW Rate -- Secondary	\$0.156596	per kW

Supplementary, Backup, Maintenance and As-Available Standby Power Service***Class II*****Backup Power Charge**

Monthly Rate	\$0.000079	per kW per day -- minimum of 4 days per request
Monthly Rate	\$0.000316	per kW in excess of greater of Maint kW or Backup kW furnished during the month

Maintenance Power Charge

Monthly Rate	\$0.000036	per kW per day -- minimum of 8 days per request
Monthly Rate	\$0.000157	per kW in excess of greater of Maint kW or Backup kW furnished during the month

As-Available Standby Power Charge

Monthly kW Rate -- Transmission	\$0.000111	per kW
---------------------------------	------------	--------

Standby Service Schedule**DCRF Factor**

kW Charge Secondary	\$0.624589	per month per kW for standby or billing demand, whichever is greater
kW Charge Primary	\$0.370910	per month per kW for standby or billing demand, whichever is greater
kW Charge Transmission	\$0.001850	per month per kW for standby or billing demand, whichever is greater

SOUTHWESTERN ELECTRIC POWER COMPANY

Tariff Manual - Public Utility Commission of Texas

Section Title: Rates, Charges, and Fees

Section No: 1V

Applicable: All Areas

Docket No: 54039

Sheet No: IV-62

Effective Date: April 27, 2023

Revision: 4

Page 4 of 4

DISTRIBUTION COST RECOVERY FACTOR (DCRF) – RIDER DCRF**As-Available Standby Power Svc**

DCRF Factor

Secondary kW Charge	\$0.156596	per kW of As-Available Standby Power requested
Primary kW Charge	\$0.075108	per kW of As-Available Standby Power requested
Transmission kW Charge	\$0.000096	per kW of As-Available Standby Power requested

Interruptible Power Service -- Sheet 37

DCRF Factor

Monthly kW Charge	\$0.001127	per kW of Billing kW
Minimum Monthly kW Charge	\$0.001127	per kW of Billing kW

**Interruptible Power Service -COG-
Sheet 38**

DCRF Factor

kW Charge Secondary	\$0.286270	per kW of Billing kW
kW Charge Primary	\$0.126063	per kW of Billing kW
kW Charge Transmission	\$0.000752	per kW of Billing kW

SOUTHWESTERN ELECTRIC POWER COMPANY
DCRF Factors - Supplementary, Backup, Maintenance and As-Available

DCRF Class Change in kW Rates - LP Primary	5.29%
DCRF Class Change in kW Rates - LP Secondary	7.06%
DCRF Class Change in kW Rates - LLP Transmission	0.04%

Supplementary, Backup, Maintenance and As-Available Standby Power Service

Class I

Supplementary Power Charge	Present Rate	DCRF Factor	
Monthly Rate -- Primary	\$9.27	\$0.490014	LP Primary Demand Rate
Monthly Rate -- Secondary	\$12.69	\$0.896222	LP Secondary Demand Rate
Backup Power Charge			
Monthly Rate -- Primary	\$0.5033	\$0.026605	per kW per day -- minimum of 6 days per request
Monthly Rate -- Secondary	\$0.7660	\$0.054098	per kW per day -- minimum of 7 days per request
Monthly Rate -- Primary	\$3.02	\$0.159638	per kW in excess of greater of Maintenance kW or Backup kW furnished during the month
Monthly Rate -- Secondary	\$5.33	\$0.376427	per kW in excess of greater of Maintenance kW or Backup kW furnished during the month
Maintenance Power Charge			
Monthly Rate -- Primary	\$0.2515	\$0.013294	per kW per day -- minimum of 12 days per request
Monthly Rate -- Secondary	\$0.3839	\$0.027113	per kW per day -- minimum of 14 days per request
Monthly Rate -- Primary	\$1.51	\$0.079819	per kW in excess of greater of Maintenance kW or Backup kW furnished during the month
Monthly Rate -- Secondary	\$2.67	\$0.188567	per kW in excess of greater of Maintenance kW or Backup kW furnished during the month
As-Available Standby Power Charge			
Monthly kW Rate -- Primary	\$2.27	\$0.119993	per kW
Monthly kW Rate -- Secondary	\$3.49	\$0.246479	per kW

Supplementary, Backup, Maintenance and As-Available Standby Power Service

Class II

Supplementary Power Charge	Present Rate	DCRF Factor	
Monthly Rate -- Transmission	\$6.24	\$0.002262	LLP Transmission Demand Rate
Backup Power Charge			
Monthly Rate	\$0.33	\$0.000120	per kW per day -- minimum of 4 days per request
Monthly Rate	\$1.31	\$0.000475	per kW in excess of greater of Maintenance kW or Backup kW furnished during the month
Maintenance Power Charge			
Monthly Rate	\$0.15	\$0.000054	per kW per day -- minimum of 8 days per request
Monthly Rate	\$0.65	\$0.000236	per kW in excess of greater of Maintenance kW or Backup kW furnished during the month
As-Available Standby Power Charge			
Monthly kW Rate -- Transmission	\$0.46	\$0.000167	per kW

Standby Service Schedule

	Present Rate	DCRF Factor	
kW Charge Secondary	\$13.92	\$0.983090	per month per kW for standby or billing demand, whichever is greater
kW Charge Primary	\$11.21	\$0.592563	per month per kW for standby or billing demand, whichever is greater
kW Charge Transmission	\$7.68	\$0.002784	per month per kW for standby or billing demand, whichever is greater

As-Available Standby Power Service

	Present Rate	DCRF Factor	
Secondary kW Charge	\$3.49	\$0.246479	per kW of As-Available Standby Power requested
Primary kW Charge	\$2.27	\$0.119993	per kW of As-Available Standby Power requested
Transmission kW Charge	\$0.40	\$0.000145	per kW of As-Available Standby Power requested

Interruptible Power Service -- Sheet 37

	Present Rate	DCRF Factor	
Monthly kW Charge	\$4.68	\$0.001697	per kW of Billing kW
Minimum Monthly kW Charge	\$4.68	\$0.001697	per kW of Billing kW

Interruptible Power Service -- For Customer-Owned Generation -- Sheet 38

		DCRF Factor	
kW Charge Secondary	\$6.38	\$0.450583	per kW of Billing kW
kW Charge Primary	\$3.81	\$0.201397	per kW of Billing kW
kW Charge Transmission	\$3.12	\$0.001131	per kW of Billing kW

SOUTHWESTERN ELECTRIC POWER COMPANY

Tariff Manual - Public Utility Commission of Texas

Section Title: Rates, Charges, and Fees

Section No: IV

Applicable: All Areas

Docket No: 55629

Sheet No: IV-62

Effective Date: December 26, 2023

Revision: 5

Page 1 of 4

T

DISTRIBUTION COST RECOVERY FACTOR (DCRF) – RIDER DCRF**APPLICABILITY**

Each Retail Customer connected to the Company's distribution system will be assessed a distribution service charge adjustment pursuant to this rider. The charges derived herein are pursuant to the requirements of PUC SUBST. R. 25.243, subsection (d).

MONTHLY RATE

The Retail Customer, will be assessed this Distribution Cost Recovery Factor (DCRF) based on the monthly per-unit cost (DCRF factor) multiplied times the Retail Customer's appropriate monthly billing determinant (kilowatt-hour, kilowatt, or kilovolt-ampere).

<u>Rate Class</u>	<u>DCRF Factors</u>	<u>Billing Units</u>
Residential Service	\$0.003908	per kWh
General Service	\$0.005394	per kWh
Lighting & Power Service Sec	\$0.896222	per Billing kW
Lighting & Power Service Pri/Trans	\$0.490014	per Billing kW
Electric Furnace Service Secondary	\$0.878068	per Billing kW
Electric Furnace Service Primary	\$0.499847	per Billing kW
Cotton Gin Service	\$0.018944	per kWh
Oilfield Service	\$0.600335	per Billing kW
Metal Melting Service - Sec	\$0.878068	per Billing kW
Metal Melting Service – Pri	\$0.499847	per Billing kW
Metal Melting Service - Trans	\$0.002569	per Billing kW
LLP Primary	\$0.143952	per Billing kW
LLP Transmission	\$0.002262	per Billing kW
Municipal	\$0.002680	per kWh
Lighting	\$0.012105	per kWh

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SOUTHWESTERN ELECTRIC POWER COMPANY

Tariff Manual - Public Utility Commission of Texas

Section Title: Rates, Charges, and Fees

Section No: IV

Applicable: All Areas

Docket No: 55629

Sheet No: IV-62

Effective Date: December 26, 2023

Revision: 5

Page 2 of 4

T

DISTRIBUTION COST RECOVERY FACTOR (DCRF) – RIDER DCRF

Rates/riders not listed will be billed the factor applicable to the appropriate background tariff. For customer classes billed primarily on the basis of kilowatt-hour billing determinants, the DCRF shall be calculated using kilowatt-hour billing determinants. For customer classes billed primarily on the basis of demand billing determinants, the DCRF shall be calculated using demand billing determinants.

SOUTHWESTERN ELECTRIC POWER COMPANY

Tariff Manual - Public Utility Commission of Texas

Section Title: Rates, Charges, and Fees

Section No: IV

Applicable: All Areas

Docket No: 55629

Sheet No: IV-62

Effective Date: December 26, 2023

Revision: 5

Page 3 of 4

T

DISTRIBUTION COST RECOVERY FACTOR (DCRF) – RIDER DCRF**Supplementary, Backup, Maintenance and As-Available Standby Power Service*****Class I*****Backup Power Charge**

Monthly Rate -- Primary	\$0.026605	per kW per day -- minimum of 6 days per request
Monthly Rate -- Secondary	\$0.054098	per kW per day -- minimum of 7 days per request
Monthly Rate -- Primary	\$0.159638	per kW in excess of greater of Maint kW or Backup kW furnished during the month
Monthly Rate -- Secondary	\$0.376427	per kW in excess of greater of Maint kW or Backup kW furnished during the month

Maintenance Power Charge

Monthly Rate -- Primary	\$0.013294	per kW per day -- minimum of 12 days per request
Monthly Rate -- Secondary	\$0.027113	per kW per day -- minimum of 14 days per request
Monthly Rate -- Primary	\$0.079819	per kW in excess of greater of Maint kW or Backup kW furnished during the month
Monthly Rate -- Secondary	\$0.188567	per kW in excess of greater of Maint kW or Backup kW furnished during the month

As-Available Standby Power Charge

Monthly kW Rate -- Primary	\$0.119993	per kW
Monthly kW Rate -- Secondary	\$0.246479	per kW

Supplementary, Backup, Maintenance and As-Available Standby Power Service***Class II*****Backup Power Charge**

Monthly Rate	\$0.000120	per kW per day -- minimum of 4 days per request
Monthly Rate	\$0.000475	per kW in excess of greater of Maint kW or Backup kW furnished during the month

Maintenance Power Charge

Monthly Rate	\$0.000054	per kW per day -- minimum of 8 days per request
Monthly Rate	\$0.000236	per kW in excess of greater of Maint kW or Backup kW furnished during the month

As-Available Standby Power Charge

Monthly kW Rate -- Transmission	\$0.000167	per kW
---------------------------------	------------	--------

Standby Service Schedule**DCRF Factor**

kW Charge Secondary	\$0.983090	per month per kW for standby or billing demand, whichever is greater
kW Charge Primary	\$0.592563	per month per kW for standby or billing demand, whichever is greater
kW Charge Transmission	\$0.002784	per month per kW for standby or billing demand, whichever is greater

SOUTHWESTERN ELECTRIC POWER COMPANY

Tariff Manual - Public Utility Commission of Texas

Section Title: Rates, Charges, and Fees

Section No: 1V

Applicable: All Areas

Docket No: 55629

Sheet No: IV-62

Effective Date: December 26, 2023

Revision: 5

Page 4 of 4

T

DISTRIBUTION COST RECOVERY FACTOR (DCRF) – RIDER DCRF**As-Available Standby Power Svc****DCRF Factor**

Secondary kW Charge	\$0.246479	per kW of As-Available Standby Power requested
Primary kW Charge	\$0.119993	per kW of As-Available Standby Power requested
Transmission kW Charge	\$0.000145	per kW of As-Available Standby Power requested

Interruptible Power Service -- Sheet 37**DCRF Factor**

Monthly kW Charge	\$0.001697	per kW of Billing kW
Minimum Monthly kW Charge	\$0.001697	per kW of Billing kW

**Interruptible Power Service -COG-
Sheet 38****DCRF Factor**

kW Charge Secondary	\$0.450583	per kW of Billing kW
kW Charge Primary	\$0.201397	per kW of Billing kW
kW Charge Transmission	\$0.001131	per kW of Billing kW

Special Contract**DCRF Factor**

Curtailable Load kW Charge	\$0.000000	per kW for the curtailable load of billing kW
Off-Peak Load kW Charge	\$0.000000	per kW for the off-peak kW of billing demand

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SOUTHWESTERN ELECTRIC POWER COMPANY

Tariff Manual - Public Utility Commission of Texas

Section Title: Rates, Charges, and Fees

Section No: IV

Applicable: All Areas

Docket No: 55629

Sheet No: IV-62

Effective Date: December 26, 2023

Revision: 5

Page 1 of 4

DISTRIBUTION COST RECOVERY FACTOR (DCRF) – RIDER DCRF**APPLICABILITY**

Each Retail Customer connected to the Company's distribution system will be assessed a distribution service charge adjustment pursuant to this rider. The charges derived herein are pursuant to the requirements of PUC SUBST. R. 25.243, subsection (d).

MONTHLY RATE

The Retail Customer, will be assessed this Distribution Cost Recovery Factor (DCRF) based on the monthly per-unit cost (DCRF factor) multiplied times the Retail Customer's appropriate monthly billing determinant (kilowatt-hour, kilowatt, or kilovolt-ampere).

<u>Rate Class</u>	<u>DCRF Factors</u>	<u>Billing Units</u>
Residential Service	\$0.003908	per kWh
General Service	\$0.005394	per kWh
Lighting & Power Service Sec	\$0.896222	per Billing kW
Lighting & Power Service Pri/Trans	\$0.490014	per Billing kW
Electric Furnace Service Secondary	\$0.878068	per Billing kW
Electric Furnace Service Primary	\$0.499847	per Billing kW
Cotton Gin Service	\$0.018944	per kWh
Oilfield Service	\$0.600335	per Billing kW
Metal Melting Service - Sec	\$0.878068	per Billing kW
Metal Melting Service – Pri	\$0.499847	per Billing kW
Metal Melting Service - Trans	\$0.002569	per Billing kW
LLP Primary	\$0.143952	per Billing kW
LLP Transmission	\$0.002262	per Billing kW
Municipal	\$0.002680	per kWh
Lighting	\$0.012105	per kWh

SOUTHWESTERN ELECTRIC POWER COMPANY

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Sheet No: IV-62

Effective Date: December 26, 2023

Revision: 5

Page 2 of 4

DISTRIBUTION COST RECOVERY FACTOR (DCRF) – RIDER DCRF

Rates/riders not listed will be billed the factor applicable to the appropriate background tariff. For customer classes billed primarily on the basis of kilowatt-hour billing determinants, the DCRF shall be calculated using kilowatt-hour billing determinants. For customer classes billed primarily on the basis of demand billing determinants, the DCRF shall be calculated using demand billing determinants.

SOUTHWESTERN ELECTRIC POWER COMPANY

Tariff Manual - Public Utility Commission of Texas

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Docket No: 55629

Sheet No: IV-62

Effective Date: December 26, 2023

Revision: 5

Page 3 of 4

DISTRIBUTION COST RECOVERY FACTOR (DCRF) – RIDER DCRF**Supplementary, Backup, Maintenance and As-Available Standby Power Service*****Class I*****Backup Power Charge**

Monthly Rate -- Primary	\$0.026605	per kW per day -- minimum of 6 days per request
Monthly Rate -- Secondary	\$0.054098	per kW per day -- minimum of 7 days per request
Monthly Rate -- Primary	\$0.159638	per kW in excess of greater of Maint kW or Backup kW furnished during the month
Monthly Rate -- Secondary	\$0.376427	per kW in excess of greater of Maint kW or Backup kW furnished during the month

Maintenance Power Charge

Monthly Rate -- Primary	\$0.013294	per kW per day -- minimum of 12 days per request
Monthly Rate -- Secondary	\$0.027113	per kW per day -- minimum of 14 days per request
Monthly Rate -- Primary	\$0.079819	per kW in excess of greater of Maint kW or Backup kW furnished during the month
Monthly Rate -- Secondary	\$0.188567	per kW in excess of greater of Maint kW or Backup kW furnished during the month

As-Available Standby Power Charge

Monthly kW Rate -- Primary	\$0.119993	per kW
Monthly kW Rate -- Secondary	\$0.246479	per kW

Supplementary, Backup, Maintenance and As-Available Standby Power Service***Class II*****Backup Power Charge**

Monthly Rate	\$0.000120	per kW per day -- minimum of 4 days per request
Monthly Rate	\$0.000475	per kW in excess of greater of Maint kW or Backup kW furnished during the month

Maintenance Power Charge

Monthly Rate	\$0.000054	per kW per day -- minimum of 8 days per request
Monthly Rate	\$0.000236	per kW in excess of greater of Maint kW or Backup kW furnished during the month

As-Available Standby Power Charge

Monthly kW Rate -- Transmission	\$0.000167	per kW
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Standby Service Schedule**DCRF Factor**

kW Charge Secondary	\$0.983090	per month per kW for standby or billing demand, whichever is greater
kW Charge Primary	\$0.592563	per month per kW for standby or billing demand, whichever is greater
kW Charge Transmission	\$0.002784	per month per kW for standby or billing demand, whichever is greater

SOUTHWESTERN ELECTRIC POWER COMPANY

Tariff Manual - Public Utility Commission of Texas

Section Title: Rates, Charges, and Fees

Section No: IV

Applicable: All Areas

Docket No: 55629

Sheet No: IV-62

Effective Date: December 26, 2023

Revision: 5

Page 4 of 4

DISTRIBUTION COST RECOVERY FACTOR (DCRF) – RIDER DCRF

As-Available Standby Power Svc	DCRF Factor	
Secondary kW Charge	\$0.246479	per kW of As-Available Standby Power requested
Primary kW Charge	\$0.119993	per kW of As-Available Standby Power requested
Transmission kW Charge	\$0.000145	per kW of As-Available Standby Power requested

Interruptible Power Service -- Sheet 37	DCRF Factor	
Monthly kW Charge	\$0.001697	per kW of Billing kW
Minimum Monthly kW Charge	\$0.001697	per kW of Billing kW

Interruptible Power Service -COG- Sheet 38	DCRF Factor	
kW Charge Secondary	\$0.450583	per kW of Billing kW
kW Charge Primary	\$0.201397	per kW of Billing kW
kW Charge Transmission	\$0.001131	per kW of Billing kW



10-25_McCurtain_SWPCO-DCRF_Affidavit.pdf

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E-Signature Summary

E-Signature 1: Paul McCurtain (PM)

October 25, 2023 08:15:33 -8:00 [891D7791A27B] [161.235.210.86]
 pamccurtain@aep.com (Principal) (Personally Known)

E-Signature Notary: Ashley Price (AP)

October 25, 2023 08:15:33 -8:00 [141BF4DADD5C] [161.69.54.14]
 amprice@aep.com

I, Ashley Price, did witness the participants named above electronically sign this document.



STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

AFFIDAVIT OF PAUL A. MCCURTAIN

BEFORE ME, the undersigned authority, on this day personally appeared Paul A. McCurtain, who being by me first duly sworn, on oath, deposed and said the following:

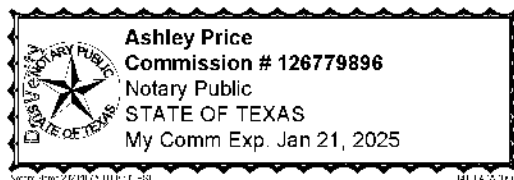
1. My name is Paul A. McCurtain, I am of sound mind and capable of making this affidavit. The facts stated herein are correct based on my personal knowledge.
2. I am a Senior Regulatory Consultant for American Electric Power Service Corporation. I am testifying on behalf of the applicant in this proceeding, Southwestern Electric Power Company ("SWEPCO").
3. SWEPCO has prepared an application for authority from the Public Utility Commission of Texas to implement a distribution cost recovery factor (the "Application").
4. The Application complies with SWEPCO's tariff and 16 Texas Admin. Code § 25.243.
5. The Application is true and correct to the best of my knowledge, information, and belief.

Further affiant sayeth not.

Paul McCurtain
DocuSign Envelope ID: 2F53A2D9-081C-38-809

Paul A. McCurtain

SUBSCRIBED AND SWORN TO BEFORE ME on this 25th day of October, 2023.



Ashley Price
Signature of Ashley Price
Notary Public

Notarial act performed by audio-visual communication

SOUTHWESTERN ELECTRIC SOUTHWESTERN ELECTRIC POWER COMPANY
Distribution Cost Recovery Factor
April 1, 2020 to August 31, 2023

PUC DOCKET NO. 55629
Schedule-A
Page 1 of 1

Schedule A : Summary of Distribution Cost of Service (DCOS)

Distribution Cost Recovery Factor Southwestern Electric Power Company Update Period 04/01/2020 - 08/31/2023									
Line No.	Description	Total Company Distribution			Reference Schedule	Texas Retail Jurisdiction			Reference Schedule
		Total Approved Per Docket No. 51415 (1)	Annual Change (2)	Revenue Requirement (3) = (1) + (2)		Total Approved Per Docket No. 51415 (4)	Annual Change (5)	Revenue Requirement (6) = (4) + (5)	
1	Operation & Maintenance , including (A&G)	N/A	N/A		Docket No. 51415	N/A	N/A		Docket No. 51415
2	Depreciation and Amortization	90,813,075	18,137,804	108,950,879	E-1	24,447,267	4,810,429	29,257,695	E-1
3	Taxes Other Than Income Taxes	63,331,163	4,892,710	68,223,873	E-2	5,464,543	1,561,614	7,026,157	E-2
4	Federal Income Tax	4,215,362	5,111,333	9,326,695	E-3	4,146,053	1,607,287	5,753,340	E-3
5	Return on Rate Base	77,016,332	28,125,124	105,141,455	B	27,747,690	8,844,100	36,591,790	B
6	Total Revenue Requirement	235,375,931	56,266,970	291,642,902		61,805,553	16,823,430	78,628,983	
7	Other Revenues	-	N/A	-		-	N/A	-	
8	Total	\$235,375,931	\$56,266,970	\$291,642,902		\$61,805,553	16,823,430	\$78,628,983	

SOUTHWESTERN ELECTRIC SOUTHWESTERN ELECTRIC POWER COMPANY
Distribution Cost Recovery Factor
April 1, 2020 to August 31, 2023

PUC DOCKET NO. 55629
Schedule-B
Page 1 of 1

Schedule B: Summary of Distribution Rate Base

Distribution Rate Base Southwestern Electric Power Company Update Period 04/01/2020 - 08/31/2023		Total Company Distribution			
Line No.	Description	Balance Approved Per Docket No. 51415 Final Order (1)	Balance as of end of update period (2)	Increase in Rate Base & Return (3) = (2) - (1)	Reference Schedules
1	Direct Assigned:				
1	Original Plant In Service	2,403,844,371	2,928,972,212	525,127,841	B-1
2	(Accumulated Depreciation)	(879,798,826)	(915,777,103)	(35,978,278)	B-5
3	Net Plant In Service	1,524,045,545	2,013,195,109	489,149,564	
4	Allocated Plant Accounts- Net *	-	-	-	Docket No. 51415
5	CWIP *	-	-	-	Docket No. 51415
6	Working Capital *	-	-	-	Docket No. 51415
7	Plant Held for Future Use *	-	-	-	Docket No. 51415
8	Reserve for Insurance *	-	-	-	Docket No. 51415
9	Other *	-	-	-	Docket No. 51415
10	Accumulated Deferred Federal Income Taxes (ADFIT)	(372,829,826)	(441,573,956)	(68,744,130)	B-7, Line 29, Column 5
11	Subtotal	(372,829,826)	(441,573,956)	(68,744,130)	
12	Total Rate Base	1,151,215,719	1,571,621,153	420,405,434	
13	Rate of Return *	6.69%	6.69%	6.69%	Docket No. 51415
14	Return on Rate Base	\$77,016,332	\$105,141,455	\$28,125,124	

Texas Retail Jurisdiction			
Balance Approved Per Docket No. 51415 Final Order (4)	Balance as of end of update period (5)	Increase in Rate Base & Return (6) = (4) + (5)	Reference Schedules
837,215,355	996,501,830	159,286,475	B-1
(290,530,847)	(293,294,327)	(2,763,479)	B-5
546,684,508	703,207,503	156,522,996	
-	-	-	Docket No. 51415
-	-	-	Docket No. 51415
-	-	-	Docket No. 51415
-	-	-	Docket No. 51415
-	-	-	Docket No. 51415
-	-	-	Docket No. 51415
(131,920,830)	(156,245,018)	(24,324,188)	B-7, Line 29, Column 9
(131,920,830)	(156,245,018)	(24,324,188)	
414,763,677	546,962,485	132,198,808	
6.69%	6.69%	6.69%	Docket No. 51415
\$27,747,690	\$36,591,790	\$8,844,100	

* Per the provisions of Substantive Rule 25.243(d)(2).

SOUTHWESTERN ELECTRIC SOUTHWESTERN ELECTRIC POWER COMPANY
Distribution Cost Recovery Factor
April 1, 2020 to August 31, 2023

PUC DOCKET NO. 55629
Schedule B-1
Page 1 of 1

Schedule B-1: Distribution Plant

Distribution Plant Southwestern Electric Power Company Update Period 04/01/2020 - 08/31/2023											
Line No.	Account No.	Description	Reference Schedule Workpaper	Total Company				Texas Retail Jurisdiction			
				Balance approved in Docket No. 51415 (1)	Additions since Docket No. 51415 (2)	Retirements/Adjustments since Docket No. 51415 (3)	Balance @ end of period (4) = (1)+(2)+(3)	Balance approved in Docket No. 51415 (5)	Additions since Docket No. 51415 (6)	Retirements/Adjustments since Docket No. 51415 (7)	Balance @ end of period (8) = (5) + (6) + (7)
1	A303	Distribution Intangible Plant (Note 1) Miscellaneous Intangible Plant	WP B-1	35,075,188	30,223,186	(15,082,467)	50,215,907	12,397,654	10,682,669	(5,332,177)	17,748,147
2	A352	Transmission Plant Structures and improvements	WP B-1	-	-	-	-	-	-	-	-
3	A353	Station Equipment	WP B-1	-	-	-	-	-	-	-	-
4		Sub-Total		-	-	-	-	-	-	-	-
5	A360	Distribution Plant Land	WP B-1	6,369,465	321,793	(165,446)	6,525,812	2,614,682	299,366	-	2,914,048
6	A360.1	Land Rights	WP B-1	3,593,142	30,582	-	3,623,724	1,833,742	21,817	-	1,855,560
7	A361	Structures and Improvements	WP B-1	9,549,726	4,855,143	(14,844)	14,390,026	3,127,202	1,290,963	10,728	4,428,893
8	A362	Station Equipment	WP B-1	337,556,443	95,703,846	(15,338,927)	417,921,361	126,895,390	49,127,359	(9,466,124)	166,556,625
9	A363	Storage Battery Equipment	WP B-1	-	-	-	-	-	-	-	-
10	A364	Poles, Towers & Fixtures	WP B-1	478,641,303	111,241,910	(14,593,320)	575,289,893	181,129,529	40,116,235	(6,100,709)	215,145,055
11	A365	O.H. Conductors & Devices	WP B-1	482,135,920	97,994,427	(18,537,546)	561,592,801	176,928,435	29,393,030	(8,315,329)	198,006,135
12	A366	Underground Conduits	WP B-1	73,228,155	15,922,399	(71,995)	89,078,560	21,111,068	4,407,394	(384,282)	25,134,180
13	A367	U.G. Conductors & Devices	WP B-1	237,556,836	41,823,533	(2,963,884)	276,416,485	67,205,567	13,152,255	(2,305,382)	78,052,440
14	A368	Line Transformers	WP B-1	410,262,098	108,630,710	(29,802,589)	489,090,219	148,916,066	40,244,227	(17,027,144)	172,133,148
15	A369	Services	WP B-1	97,827,493	19,062,307	(911,247)	115,978,553	36,994,742	8,939,025	(429,678)	45,504,088
16	A370	Meters	WP B-1	86,232,258	44,290,036	(14,514,551)	116,007,743	23,376,320	932,498	(316,072)	23,992,746
17	A371	Install. on Customer Prem.	WP B-1	44,154,413	14,874,538	(8,064,419)	50,964,531	16,342,083	5,032,231	(2,862,933)	18,511,381
18	A372	Leased Prop. on Cust. Premises	WP B-1	-	-	-	-	-	-	-	-
19	A373	Street Lights	WP B-1	43,164,228	16,815,700	(5,823,509)	54,156,419	10,983,733	5,237,021	(2,877,344)	13,343,410
20	A374	Asset Retirement Costs - Distr. Plant	WP B-1	-	-	-	-	-	-	-	-
21		Sub-Total		2,310,271,480	571,566,922	(110,802,276)	2,771,036,126	817,458,559	198,193,420	(50,074,270)	965,577,709
22	A391	General Plant (Note 1) Office furniture, equipment	WP B-1	9,322,741	989,763	(2,349,033)	7,963,471	1,136,739	120,684	(286,422)	971,001
23	A391.1	Office equipment-Computers	WP B-1	48,297	-	(13,916)	34,381	5,889	-	(1,697)	4,192
24	A397	Communication Equipment	WP B-1	48,150,367	57,131,893	(6,462,936)	98,819,324	5,871,064	6,798,240	(788,038)	11,881,266
25		Sub-Total		57,521,405	58,121,656	(8,825,885)	106,817,176	7,013,692	6,918,924	(1,076,157)	12,856,459
26		Other Distribution Plant (116) (VM)		-	-	-	-	-	-	-	-
27		Other Distribution Plant (116) (Incentives)		-	-	-	-	-	-	-	-
28		AFUDC		976,298	-	(73,295)	903,003	345,450	-	(25,934)	319,515
29		TOTAL		2,403,844,371	659,911,765	(134,783,924)	2,928,972,212	837,215,355	215,795,013	(56,508,538)	996,501,830